

FINANCIAL NEWS AND NOTES

A Farmer's Bookkeeping

How many farmers keep an accurate record of their business matters? That is, memoranda of cash receipts and disbursements, and entries properly written in a suitable book regarding the yearly product of each field, the cash returns received for that product, and the cost of seed and labor bestowed upon it, entries of cash returns from cattle and other live stock, and of amounts paid out for labor, insurance, threshing, etc., and last, but not by any means least, a yearly inventory of all goods, property and other assets on the one hand, and of all moneys owing and other liabilities on the other hand. The answer to the questions is difficult to give with any degree of certainty, but we are inclined to think that the great majority of our farmers keep such records in their heads. These are usually good heads, but this is not the correct place for such accurate memoranda. On the other hand, while it may be difficult to answer accurately the question of "how many," it is much easier to answer the question of "why" should a farmer keep such records and such inventories? It may be said that the good farmer knows what he is doing, and at the end of the season knows what he has received for his various crops, and that this, together with the knowledge of his bank balance, is sufficient, and also that the labor involved in such work is non-productive labor. This is one of the questions we wish to look into just here.

We must, first of all, have it understood that the farmer is a business man, conducting, if you will, a manufacturing business, and the products of this business, grain, vegetables, fruit, live stock, etc., he had to find a market for, as have other manufacturers. His "plant" consists of his farm and buildings, and he has raw material, implements and labor to pay for as well as taxes and insurance, like other business men. The processes may vary from those usually included under the head of manufactures, but the fact of production and sale is the same.

All business men keep books of some kind—this is recognized as a necessity. What, then, are the advantages of these records? First, that accurate information of each day's financial transactions be kept, so as to show at all times the amount owing by or to each person with whom credit dealings have been had, and also of cash sales or purchases; and, secondly, that comparisons can be made in any account or department, of the business with previous years to note any changes, increase or decrease, in that account or department, also to be able to ascertain what profit or otherwise any department, or the business as a whole, is making.

Are not these matters as important in a farmer's business as in that of any other? Is it not as necessary that he should keep accurate records from day to day, not only of his financial transactions, but also, as do other manufacturers, records concerning the ordinary operations of his business, so that from these it may be possible to make up the exact cost of each product that leaves the farm? And, too, is it not as necessary to have accurate yearly re-

cords for comparison with those of other years, so that conclusions may be formed as to the most remunerative methods of handling the different departments of the farm. It will surely be agreed that there is but one answer to these queries, a decided affirmative, and also, as the ordinary business man finds it profitable to carefully note these tables of cost and profit, so will the farmer find it both interesting and profitable to take the time necessary for such work, or to have some one of his household do it.

What records should be kept, and in what method? This must be largely decided by each one for himself. A few suggestions may, however, help. First, a cash account should be kept, showing on the one side all items of cash received, and their sources, and on the other, all items of expenditure, with sufficient particulars to identify each. All items of household expenditure might be lumped under that designation. In other portions of the book, pages should be set apart for each field or product, for instance: Apple orchard, 10 acres; N. W. field, 5 acres; Home

field, 15 acres; dairy, cattle, sheep, hogs, etc., and in each case charges should be made as accurately as possible for all cost for labor, seed, or stock made on that account, and on the other side should be shown all moneys received from its products. In this way the profit from each department of the farm would be known, and comparisons made from year to year as to total yield, prices and profits. It might even be thought wise to charge up yearly to each field say three or four per cent. of its value, as it should produce a profit over and above mere interest on principal invested.

Such records would, we believe, reveal to the thoughtful man unexpected information as to cost, labor or profit on certain lines, and the yearly inventory of assets, which should show actual present values in all cases, deducting all amounts owing, would be a very definite illustration of the year's gain when compared with the sheet of the previous year, and would moreover present a very tangible statement to a banker, should a temporary loan be required.

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