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Enterprise analysis is a management tool utilized to evaluate two or more systems of production as opposed to whole-farm analysis. Enterprise selection is one of the most basic and important management functions a farmer or rancher must perform. Enterprise analysis allows a manager to monitor the financial contribution of major enterprises to the overall business and family goals and objectives. Enterprise analysis is historical while enterprise budgeting is prospective in nature.

Although enterprise analysis is time consuming and less than an exact science, consistent analysis of major enterprises will enable management to make educated production decisions and maximize the financial potential of the business unit.

The enterprise page is completed by transferring enterprise receipts and expenses from each month's records. In general, the allocation of direct costs between enterprises is not difficult. However, the allocation of shared and indirect costs require more complex calculations. Further, these allocations are approximations and different methods of allocation may be appropriate for different expenditures and costs. Consistency in the methods of allocation will enhance the comparison of current enterprise analysis and that of year-to-year analysis of the same enterprise.

No one method of allocating indirect costs is best. Some of the more commonly used methods to allocate these costs are based on the enterprises share of 1) gross income, 2) total direct costs, and 3) total average.

The goal of enterprise analysis is to more accurately reflect the financial contribution of the enterprise. The allocation methods should be chosen which produces the least variability over time and can be computed with the least difficulty.

## NOTES

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YEAR: \_\_\_\_\_

# ENTERPRISE

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		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
	RECEIPTS:													
R1														1
R2														2
A	TOTAL RECEIPTS													
	EXPENSES:													
1	Lvst Purch for Resale													3
2	Car & Truck Expenses													4
3	Chemicals													5
4	Conservation													6
5	Custom Hire													7
6	Employee Benefits													8
7	Feed													9
8	Fertilizer & Lime													10
9	Freight & Trucking													11
10	Gas, Fuel & Oil													12
11	Insurance: Farm													13
12	Interest: Farm Mortgage													14
13	Interest: Farm (Other)													15
14	Labor Hired													16
15	Pension & Profit-sharing													17
16	Rent or Lease													18
17	Repairs & Maintenance													19
18	Seeds & Plant													20
19	Storage & Warehousing													21
20	Supplies													22
21	Taxes: Farm Property													23
22	Utilities													24
23	Vet, Breeding & Med													25
24	Other Expenses: Fees, Dues, Misc.													26
B	TOTAL CASH EXPENSES													B
	NON-CASH EXPENSES:													
27	Depreciation													27
28														28
C	TOTAL EXPENSES													C
D	NET INCOME (A - C)													D

A=Sum lines R1 and R2;

B=Sum lines 1 through 24;

C=Line B + lines 27 and 28;

D=Line A - line C

# ENTERPRISE

L I N E	YEAR: _____	YEAR END TOTAL	% OF WHOLE FARM	PER UNIT OF PRODUCT
	<b>RECEIPTS:</b>			
R1				
2R				
<b>A</b>	<b>TOTAL RECEIPTS</b>			
	<b>EXPENSES:</b>			
1	Lvst Purch for Resale			
2	Car & Truck Expenses			
3	Chemicals			
4	Conservation			
5	Custom Hire			
6	Employee Benefits			
7	Feed			
8	Fertilizer & Lime			
9	Freight & Trucking			
10	Gas, Fuel & Oil			
11	Insurance: Farm			
12	Interest: Farm Mortgage			
13	Interest: Farm (Other)			
14	Labor Hired			
15	Pension & Profit-sharing			
16	Rent or Lease			
17	Repairs & Maintenance			
18	Seeds & Plants			
19	Storage & Warehousing			
20	Supplies			
21	Taxes: Farm Property			
22	Utilities			
23	Vet, Breeding & Med			
24	Other Expense: Fees, Dues, Misc.			
<b>B</b>	<b>TOTAL CASH EXPENSES</b>			
	<b>NON-CASH EXPENSES:</b>			
27	Depreciation			
28				
<b>C</b>	<b>TOTAL EXPENSES</b>			
<b>D</b>	<b>NET INCOME (A-C)</b>			

L I N E	DESCRIPTION	TOTAL	PER UNIT
	<b>RECEIPTS, ENDING INVENTORY, AND RECEIVABLES:</b>		
1	Enterprise Receipts		1
2	Ending Enterprise Inventory (include cash investment in growing crops)		2
3	Ending Enterprise Accounts Receivable		3
4	Value of Raised Livestock Added to the Breeding Herd During Year		4
5	Value of Enterprise Products Consumed		5
6	Gain (Loss) From Sale of Culled Breeding Stock		6
<b>T1</b>	<b>Total (sum lines 1 thru 6)</b>		<b>T1</b>
	:		
	<b>PURCHASES, BEGINNING INVENTORY, AND RECEIVABLES:</b>		
7	Beginning Enterprise Inventory		7
8	Beginning Enterprise Accounts Receivable		8
9	Enterprise "Purchases for Resale"		9
<b>T2</b>	<b>Total (sum lines 7 thru 9)</b>		<b>T2</b>
<b>GI</b>	<b>GROSS INCOME FROM THE ENTERPRISE (line T1 minus line T2)</b>		<b>GI</b>
	<b>EXPENSES AND PAYABLES:</b>		
10	Total Enterprise Expenses		10
11	Ending Accounts Payable and Accrued Interest		11
12	Beginning Accounts Payable and Accrued Interest		12
<b>T3</b>	<b>Total (lines 10 plus 11 minus 12)</b>		<b>T3</b>
<b>NI</b>	<b>NET INCOME FROM ENTERPRISE (line GI minus line T3)</b>		

A=Sum lines R1 and R2;

B=Sum lines 1 through 24;

C=Line B + lines 27 and 28;

D=Line A - line C