

START OF THE YEAR SUGGESTIONS

New Users of This Record Book System

1. Fill in the "Special Information" on page C-15.
2. Complete the "Asset and Liability Listings" on pages A-11a through A-14d. (And if you want to maintain itemized lists, complete pages C-2 through C-5.)
3. If you plan to compute your depreciation deduction, complete the depreciation pages C-6 through C-8.

Prior Year Users

1. Transfer all "C" prefixed pages from your prior year record book to this year's book (note that page numbers may have changed from the previous version).
2. Update the "Special Information" on page C-15.
3. Transfer last year's ending amounts of items held for resale to the beginning balances for the "Cost of Goods Sold" worksheet on page B-13.
4. Transfer last year's ending balance sheet amounts to the appropriate lines in the supplemental schedules to the income statement on page B-10a and balance sheet on page B-6.

Suggestions for All Users

1. Copy additional pages as needed.
2. Study the sample entries of receipts and expenses on pages A-4a through A-5b.
3. Total the receipts for each month (or bank statement period) and transfer the totals for the Cash Inflow (Receipts Summary) on pages B-4a and B-4b. Total the expenses for each month (or bank statement period) and transfer the totals to the Cash Outflow (Expenses Summary) on pages B-5a and B-5b.

4. All business expenses, itemized deduction expenses, and expenses of potential review (such as life insurance, gifts, and federal income tax payments) should be listed separately in the Expenses pages (A-8a through A-8b). Category detail for personal expenses can be maintained on pages A-10a through A-10b.

Posting the total monthly (bank statement) receipts and expenses on pages A-8a through A-8b and A-10a through A-10b provides a method of checking the amounts posted in the record book with your bank statement. If the checking account is a combined personal and business account, personal expenses, due to their volume and nondeductibility, should be summarized in one entry on the Expense pages. See the sample entry on line 16 of pages A-5a and A-5b.

5. Payments to employees and contractors are entered in the Expense pages. The details of these transactions may be posted to either page A-16 or page A-18 as appropriate.
6. As production data is made certain during the year, this information should be filled in on the appropriate production summaries, pages A-19 or A-20.
7. Posting the expenses for livestock purchases and the receipts from livestock sales may require extra attention. The cost of livestock purchased for resale is posted on page A-8a while the cost for livestock acquired for draft, breeding, or dairy purposes should be posted on page A-8b.

Proceeds from the sale of livestock purchased for resale are posted in column 1 of page A-6a while receipts from the sale of raised livestock are posted in columns 2 through 5 of page A-6a. The receipts from the sale of livestock held for draft, breeding, or dairy are posted in column 19 of page A-6b.

8. Occasionally, taxable non-cash transactions occur which need to be entered into your records. Examples are patronage distributions from farm cooperatives and non-cash wages to employees. For patronage dividends the retained earnings (non-cash) as well as the cash distribution are considered taxable income. See the examples listed in the sample receipts and expenses on pages A-6a through A-8b.