

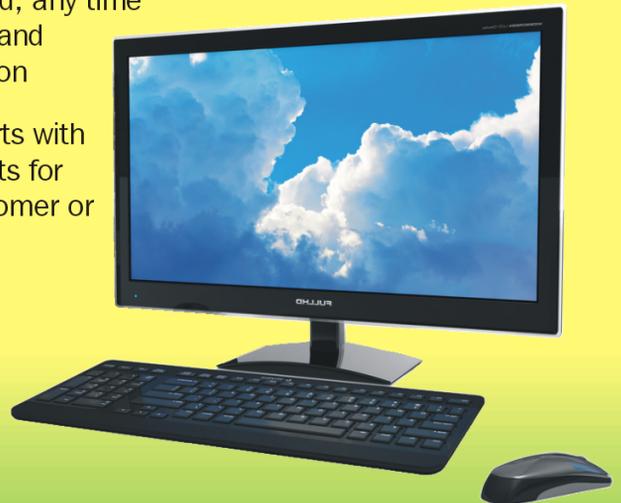
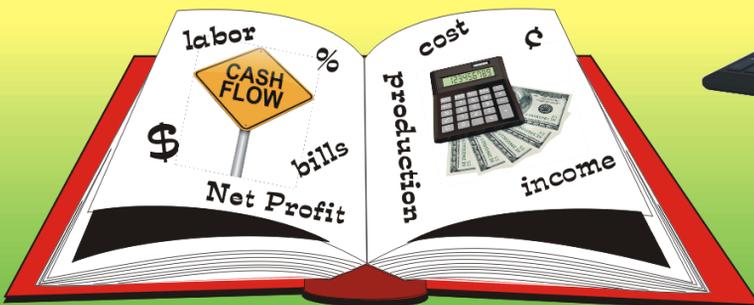
The QuickBooks Farm Accounting Cookbook™, Volume III:



Farm Resale Items: Stocker and Feeder Livestock, Resale Produce, and More...



- ✓ Step-by-step guides for purchases, sales, freight costs, close-outs, and useful reports—with abundant screenshots and illustrations
- ✓ Set up QuickBooks to track *Cost of items held for resale* expense automatically as you enter sales....get the income tax records you need, with almost no effort!
- ✓ Know what you have on hand, any time you want to know, for quick and easy management information
- ✓ Get purchase and sale reports with quantities and dollar amounts for any resale item, or any customer or buyer, quickly and easily.



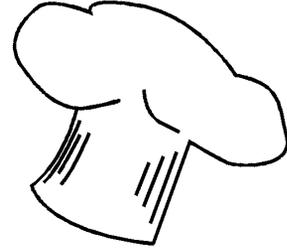
Mark Wilsdorf

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Introduction



**About
this chapter**

This chapter provides a basic introduction to this book, and to The QuickBooks Farm Accounting Cookbook™ series.

About this Book

Nearly Automatic? Yes!!

Maybe your farm or ranch business buys different groups of livestock or other items which will be resold later, sometimes in a different tax year. If you are responsible for doing the accounting for those resale items you know how complicated the job can be.

The good news is that *if* you use QuickBooks for tracking resale item purchases and sales, and *if* you've set it up correctly, QuickBooks makes the accounting for resale items nearly automatic. *Just by entering purchases and sales during the year*, you can have sales totals and Cost of Items Held for Resale expense totals available at income tax time, without any additional effort!

If you already use QuickBooks for tracking purchases and sales of resale items but the job doesn't seem very "automatic" to you, then you probably are not aware of the QuickBooks features you could be using, which would make the job easy. If that is the case, you should benefit greatly from this book, because it will save you a lot of time and effort.

Oh, and don't be concerned about the size (page count) of this book. You will only need to read the parts of it that apply to things you want to do. Quite a bit of the book is only here to "cover all the bases": (1) to provide

details on handling a wide range of situations, including some unusual ones, and (2) to give you lots visual content (screenshots and examples). Visual content is best for conveying information but takes a lot of space (adds to the page count), compared to printed text.

And Bit Redundant? Yes!

Another thing that adds to the book's page count is the fact that some information is repeated in multiple places. In fact, reading it from cover to cover may be a bit frustrating, as in *"I've already read that...why is he telling me again?!"*. But the reason for the repetition is to provide "everything you need to know" about a topic in one place, rather than referring you to several other parts of the book for details. Like a cookbook, this book is meant to be read a little bit at a time, just to find out what you want to know, and not from cover to cover.

*"This is not the kind of book you read cover to cover...
it is the kind you read in bits and pieces,
just to find out what you want to know."*

This Book is About Cash Basis Accounting, not Accrual

This book is focused *exclusively* on cash basis accounting because that is the most widely used accounting method on farms and ranches in the U.S. Throughout the book you will find some notes and comments about accrual accounting too, but they are mostly provided to explain accounting concepts or the differences between cash and accrual accounting approaches.

Also, this book is written with an eye toward something every farm business must do: keep income tax records. All of the discussion and examples are built upon the idea that every accounting action you take must support the goal of keeping records for preparing U.S. federal income taxes.

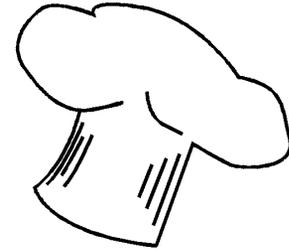
 **Do not consider anything in this book as specific advice on tax-related matters.** Tax laws change often and each farm business situation is

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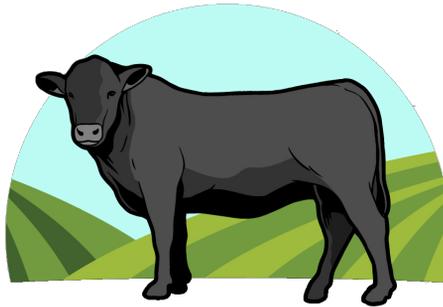
Visual Examples: Handling Resale Inventories



About this chapter

This chapter gives you a visual roadmap to typical accounting activities for resale items, with screenshots of common transactions along with links to more detailed explanations in later chapters.

Resale Livestock Example: Stocker Cattle



Here are examples of typical transactions for purchased stocker cattle. The cattle are bought shortly after weaning at a weight of around 500 pounds, then grown on a mostly forage diet. At around 750 pounds they are big enough to be resold as feeder cattle, or moved into the farm's own feedlot and fed to market weight,

for sale or harvest as beef. For simplicity, the examples are based on fewer transactions than would be typical in an actual farm or ranch business.

★ **The examples in this section** in general apply to all kinds of resale livestock.



Calves...Stockers...Feeders...Huh?

These terms may be confusing if you are unfamiliar with beef cattle terminology in the U.S. Each term can have a slightly different meaning depending on the context in which it is used, but here are some basic definitions:

- ❖ **Calves** usually refers to calves from birth until weaning (when they are taken away from the mother cow), which typically happens at six to eight months of age. However, the term "calves" is often applied to young cattle in general.
- ❖ **Stocker cattle** (or "stocker calves", or simply "stockers") are weaned beef calves, usually under a year of age, to be grazed on pasture or fed some other high-forage diet to grow at a moderate rate until they are big enough to go to a feedlot for feeding to market weight. The practice of growing stocker calves in this way is known as **backgrounding**.
- ❖ **Feeder cattle** (or "feeder calves", or simply "feeders") are typically eight or more months old and big enough to be fed a high-energy (mostly grain) diet until they reach market weight to be harvested as beef.
- ❖ **Steers** are male cattle which have been castrated.
- ❖ **Heifers** is a term for young female cattle up to the birth of their first calf, which happens when they are around two years old. After that they may be called cows; however, "heifers" is often used generically to refer to any young female cattle up to around three years of age.

Setting up Accounts

See: [Accounts for Resale Inventories](#)

Several accounts must be in place before you can set up Items to use for entering cattle purchases and sales. If you don't already have the following kinds of accounts in QuickBooks, you will need to set them up:

- ❖ [Resale livestock income](#)
- ❖ [Cost of Items Held for Resale expense](#)
- ❖ [Resale livestock asset](#)

Setting up Items

See: [Items for Resale Inventories](#)

In QuickBooks, *Items* are identifiers (names) for things you buy and sell. To set up a new Item, open the Item List ([Lists > Item List](#)), then select [Item >](#)

Chapter 4 - Visual Examples: Handling Resale Inventories

New from the button bar menu at the bottom of the window. That will open the New Item window, where you can set up the new Item.

★ **An alternative to setting up Items beforehand** is to wait until you are entering a purchase, and set up an Item(s) then for whatever you are purchasing.

Here is the setup window for an Inventory Part Item, Resale:Stocker Cattle, to use for purchases, sales, and inventories of resale stocker cattle.

The screenshot shows the 'New Item' window with the following details:

- TYPE:** Inventory Part (Use for goods you purchase, track as inventory, and resell.)
- Item Name/Number:** Stocker Cattle
- Subitem of:** Resale (1)
- UNIT OF MEASURE:** U/M Set (Edit...)
- PURCHASE INFORMATION:**
 - Description on Purchase Transactions: Resale stocker cattle
 - Cost: 0.00
 - COGS Account: Sales:Livestock.:Resal... (2)
 - Preferred Vendor: (dropdown)
- SALES INFORMATION:**
 - Description on Sales Transactions: Resale stocker cattle
 - Sales Price: 0.00
 - Tax Code: Non
 - Income Account: Sales:Livestock.:Resale (3)
 - Item is inactive:
- INVENTORY INFORMATION:**

Asset Account	Reorder Point (Min)	Max	On Hand	Total Value	As of
Inventories:Live... (4)			0.00	0.00	12/30/2017

Here are *brief* explanations of a few of the Item fields. You'll find more comprehensive explanations later in [Items for Resale Inventories](#).

1 **Subitem of.** Though not required, this Item is being made a subitem of another Item named Resale. (The details of using subitems to structure the Item List will be discussed later.)

- 2 COGS Account.** This is where you select the account you want to use for Cost of Items Held for Resale expense. QuickBooks will automatically post the Item's purchase cost to this account when you enter a sale of resale stocker cattle.

The account name in this example is Sales:Livestock:Resale:COST of Resale Livestock.

- 3 Income Account.** This is where you select an income account for QuickBooks to use in recording income from sales of resale stocker cattle, which is Sales:Livestock:Resale in this example.

- 4 Asset Account.** This is where you select an asset account to represent the value (purchase cost) of your inventory of resale stocker cattle on the farm balance sheet. In this example, the account is Inventories:Livestock:Stocker Cattle:Resale.

Entering a Purchase of Stocker Cattle

See: [Resale Item Purchases, and Freight Costs](#)

Enter a Check ([Banking > Write Checks](#)) for the resale cattle—or a Bill ([Vendors > Enter Bills](#)) if you will be paying for them later—and record the purchase using the Resale:Stocker Cattle Item created above. Because Resale:Stocker Cattle is an Inventory Part Item, using it in a purchase transaction will add the number of cattle purchased and their purchase cost to the Resale:Stocker Cattle Item's inventory.

When a freight charge is involved the IRS requires that it be included in their purchase cost (the cost of freight/hauling/transportation for acquiring resale items is not deductible as an expense until the items are sold). This example assumes John Doe hauled the cattle home in his own trailer, so no freight charge was involved. (See also: [Handling Freight Charges...the Right Way](#) for details on handling freight charges.)

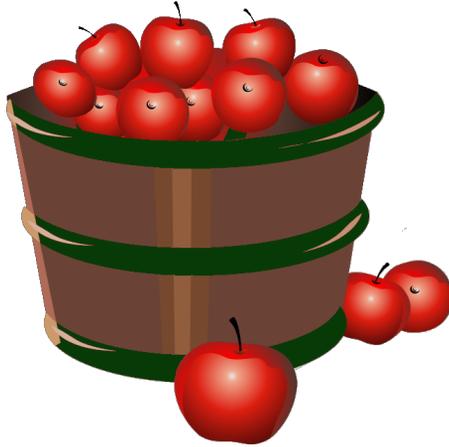
Here is a stocker cattle purchase entered on the Checks form ([Banking > Write Checks](#)):

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Resale Fruit Example: Apples



This section shows example transactions for purchases, sales, and inventory updates for several varieties of resale apples. Using a separate Inventory Part Item for each apple variety lets you:

- ❖ **Track inventories separately** for each apple variety you sell. A glance at the Item List ([Lists > Item List](#)) can show the current quantity on hand for any variety. ... *"No, I don't think we're out of Granny Smiths—QuickBooks says we should have six more boxes in the storeroom."*
- ❖ **Get historic purchase and sale reports** for any of the apple varieties, in an instant. ... *"How many pounds of Jonathans did we buy last year?" ... "Did we sell more Galas or more Fujis?"*

Apples are an example of resale produce you might handle as an inventory in QuickBooks. However, the techniques shown below are *not* appropriate for every kind of produce or other resale merchandise the farm might sell. Many kinds of resale items are more easily handled with a different approach. See [When Inventory Part Items Seem Like Overkill: An Alternate Approach](#) for a discussion.

★ **The examples in this section** in general apply to all kinds of resale merchandise.

Setting up Accounts

See: [Accounts for Resale Inventories](#)

You will use Items (described next) for entering apple purchases and sales, but several accounts must be in place before you can set up Items. If you don't already have the following kinds of accounts in QuickBooks, you will need to set them up:

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Paying the Bill

See: [How to Pay a Bill](#)

When the time comes to pay the Bill, select it for payment in the Pay Bills Window (**Vendors > Pay Bills**), choose a payment method, and let QuickBooks prepare a check or other payment transaction:

SELECT BILLS TO BE PAID

Show bills: Due on or before 10/08/2018 Show all bills

Filter By: [Dropdown] Sort By: Due Date

<input checked="" type="checkbox"/>	DATE DUE	VENDOR	REF. NO.	DISC. DATE	AMT. DUE	DISC. USED	CREDITS USED	AMT. TO PAY
<input checked="" type="checkbox"/>	10/13/2018	Clareville Orchard			1,154.00	0.00	0.00	1,154.00
<input type="checkbox"/>	11/07/2018	Barton Bros. Farm Supply			2,470.00	0.00	0.00	0.00
<input type="checkbox"/>	11/14/2018	Farmer's Cooperative		10/25/2018	5,637.48	0.00	0.00	0.00
Totals					9,261.48	0.00	0.00	1,154.00

Clear Selections

DISCOUNT & CREDIT INFORMATION FOR HIGHLIGHTED BILL

Vendor: **Clareville Orchard** Terms: **Net 15** Number of Credits: **0**

Bill Ref. No. Sugg. Discount: **0.00** Total Credits Available: **0.00**

Go to Bill Set Discount Set Credits

PAYMENT

Date: 09/28/2018

Method: Check To be printed Assign check number

Account: Checking

Ending Balance: 2,175.37

Pay Selected Bills Cancel

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John Doe Farms	
Profit & Loss	
Cash Basis	January through December 2018
	Jan - Dec 18
Ordinary Income/Expense	
Income	
Sales	
Grain	83,798.50
Livestock	
Resale	49,579.00
Total Livestock	49,579.00
Produce	
Raised	2,413.57
Resale	1,890.00
Total Produce	4,303.57
Total Sales	137,681.07
Custom Work Income	834.00
Total Income	138,515.07
Cost of Goods Sold	
Cost of Items Held for Resale	42,182.00
Total COGS	42,182.00
Gross Profit	96,333.07
Expense	
Chemicals	

- 1 **Income** from sales of resale livestock and produce are shown in the Income section of the report.
- 2 **Cost of Goods Sold.** The COGS account in this example has been named Cost of items held for Resale, in keeping with its more common name in agricultural accounting. The \$42,182 amount shown in the report is the total of purchase costs for all resale livestock and resale produce sold during the year.
- 3 **Gross Profit** is the difference between Total Income and Cost of Goods Sold expense. It represents the amount of profit left to pay for operating expenses and equipment replacement, after recouping the purchase cost of resale items.



Your profit and loss reports will have a Cost of Goods Sold section and a Gross Profit line *only* if you use a COGS-type account. Those report features will be absent if you use a contra income account instead.

If you like this report arrangement—with COGS subtracted from Total Income—then [set up a COGS account](#) to associate with resale Items, rather than a contra income account.

Income (contra income) account

Contra accounts are usually set up as subaccounts of another account of the same type. Here, subaccounts have been added for tracking the purchase cost of resale livestock and resale produce:

```

Sales
  Grain
  Livestock
    Raised
    Resale
      COST of Resale Livestock ←
  Produce
    Raised
    Resale
      COST of Resale Produce ←
Custom Work Income
...

```

Setting up these accounts as subaccounts of the income accounts they relate to, will cause the income and the purchase costs of resale Items sold during the year to be grouped together on profit and loss reports ([Reports > Company & Financial > Profit & Loss Standard](#)). Here is an example. (Compare it to the report in the COGS example shown earlier, where purchase costs and income are listed in separate sections of the report.)

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identifies what was bought or sold, and QuickBooks will take care of posting amounts to the appropriate accounts.

Why Items? Why Not Just Use Accounts?

What's the point of having all those different Items (Alfalfa Hay, Orchardgrass Hay, Mixed Grass Hay, and Red Clover Hay) if they all post income to the same account? Why not just post income directly to the Sales:Hay account when entering a hay sale?

Items are preferable to using accounts because:

- ❖ **Items add descriptive detail** to a transaction without any typing. Simply selecting an Item from a list describes exactly what was bought or sold—Alfalfa Hay, or Red Clover Hay—as opposed to just "hay".
- ❖ **Using Items lets you enter quantities** for the things you buy and sell. If you want to keep track of bushels, pounds, head, tons, etc., in QuickBooks, you can do that *only* if you use Items when entering transactions. The quantity information you enter this way is available in many QuickBooks reports.
 - ★ **If you enter income or expense using an account instead of an Item**, the only way to include quantity information in the transaction is by typing it in the Memo or Description field. However, QuickBooks cannot extract quantity information from those fields to provide quantity totals on reports.
- ❖ **Using Items lets you have more detail about sales and purchases** without cluttering up the Chart of Accounts. Item reports can provide quantity and dollar totals for things you buy and sell, for each Item. The alternative is to add more subaccount levels in the Chart of Accounts (instead of just Sales:Hay you could have accounts like Sales:Hay:Alfalfa, Sales:Hay:Orchardgrass, and so on). But adding a large number of subaccounts complicates the Chart of Accounts and results in more than a desirable amount of detail in reports such as the profit and loss report.
- ❖ **Items greatly simplify the accounting for resale items.** Once you've set up an [Inventory Part Item](#) for something you buy to resell, such as feeder livestock, QuickBooks makes the accounting for it slam-dunk easy. Mostly, you just need to use the Item when entering purchases and

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This is something you may not do very often but may want to do ahead of preparing a balance sheet report—so the report will portray a more accurate picture of farm business assets and liabilities.

Entering Cash Purchases (Checks)

Problem I bought 48 stocker calves at a local livestock auction today, and hired the auction company to haul them to my pasture. I wrote a check for the total, \$41,197, which included \$205 for the hauling. How should I enter the purchase in QuickBooks?

★ **Stocker cattle** (or "stocker calves", or simply "stockers") are weaned beef calves, usually under a year of age, to be grazed on pasture or fed a high-forage diet to grow at a moderate rate until they are big enough to go to a feedlot for feeding to market weight for harvest as beef.

Solution Because you paid by check, enter the purchase on the Checks form.

Discussion As mentioned [earlier](#), a *cash purchase* does not necessarily involve currency—the common idea of what "cash" is. In accounting, the term simply means making payment at the time of purchase. Checks are still the most common form of payment for cash purchases in agriculture, but other forms are gaining popularity. (See [Using Other Forms of Payment \(Credit Cards, etc.\)](#).)

How to Enter a Resale Item Purchase, Paid by Check

1. Open the Checks form ([Banking > Write Checks](#)).
2. Fill in the form as shown below.

The screenshot shows the 'Write Checks - Checking' window. At the top, the ending balance is 4,526.37. The check number is 2415, dated 01/03/2018. The payee is 'Big Bend Livestock Auction' for an amount of \$41,197.00. The amount is written in words as 'Forty-one thousand one hundred ninety-seven and 00/100*****DOLLARS'. The address is 'Big Bend Livestock Auction'. The items table is as follows:

ITEM	DESCRIPTION	QTY	COST	AMOUNT	CUSTOM...	BILLABLE?	CLASS
Resale:Stocker Cattle	Calves + \$205 hauling	48	858.27083	41,197.00			Backgrounding

- 1 **No (check number).** If entering a check you have handwritten, enter the check number here. Otherwise, if you will be using QuickBooks to print the check you can leave this field blank—QuickBooks will fill it in when the check is printed.
- 2 **Pay to the order of (Payee).** Select the payee's name in this field. Or if the name has not yet been added to any of QuickBooks' name lists, type the name in this field. When you try to move to a different field QuickBooks will warn that the name does not exist and give you an opportunity to add it.

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When Freight is Included on the Vendor's Bill or Receipt

For one Item

Here "one Item" does not mean a quantity of 1, but any purchase involving one Inventory Part Item (as opposed to a purchase involving several different Items).

If you receive a bill or receipt for a single item, and the vendor included freight on the bill or receipt, enter the *entire net amount you paid* for the Item (including freight, other fees, discounts, etc.) as the Item's cost when you enter the purchase in QuickBooks.

Recall that this is how the \$205 hauling charge was handled in the [resale stocker cattle example](#) in Chapter 4:

- ❖ The auction company included a hauling charge on the receipt for the calves.
- ❖ One check was written to pay the total amount of the receipt.
- ❖ The entire amount paid (purchase cost plus hauling) was entered as the cost of the calves when the check was entered in QuickBooks.

Freight costs are handled the same way when they are included in the stated price of an item. In the [resale apples example](#), the vendor's bill for apples was at a delivered (freight included) price, so the freight charge was automatically included in the apples' purchase cost.

For more than one Item

Problem We started a small retail store in town as an outlet for our private brand of farm-raised Berkshire pork and cured meats. Customer response has been good so we are expanding the range of things we sell, like adding a line of outdoor grills, smokers, and grilling supplies to complement our sales of summer grilling pork cuts—steaks, ribs, and porkburger. Yesterday we received a bill for our first order of grills, including a freight charge of \$305. How should we enter the bill in QuickBooks?

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For one Item

Here "one Item" does not mean a quantity of 1, but any purchase involving one Inventory Part Item (as opposed to a purchase involving several different Items).

Problem I bought 48 stocker calves at a local livestock auction today and hired Jeff Miller to haul them home for me. I wrote a check to Jeff for \$205 for the hauling. How should I enter it in QuickBooks?

★ **Stocker calves** (or "stocker cattle", or simply "stockers") are weaned beef calves, usually under a year of age, to be grazed on pasture or fed some other high-forage diet to grow at a moderate rate, until they are big enough to go to a feedlot for feeding to market weight for harvest as beef.

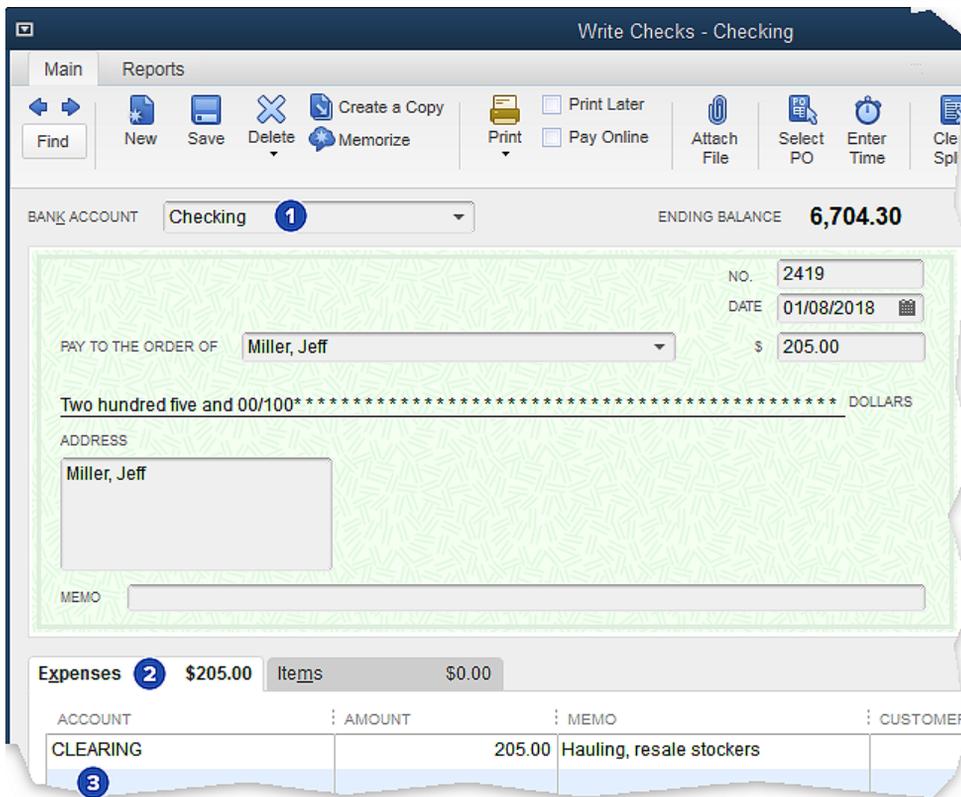
Solution Enter the check for the hauling on the Checks form, posted to a clearing bank account. Then make an inventory adjustment to transfer the \$205 charge from the clearing account to the resale calves Item.

Discussion In the [check example](#) shown earlier, a \$205 hauling charge was included in a check written for the calves. This time, the hauling charge is being paid separately to a third party, requiring a second step to add it to the Resale:Stocker Cattle Item's purchase cost.

★ **The hauling charge is being paid by check** here, but basically the same entries would be required if any form of payment was used.

Step 1: Paying the freight charge (by check)

Here is the check written to Jeff Miller for hauling the calves. It is drawn on the farm checking account but posts the \$205 hauling charge to a clearing bank account. (The freight charge will be moved out of the clearing account in [step 2](#), farther below.)



1 Bank Account. This entry represents a real check, written to Jeff Miller, so the actual farm checking account is selected.

2 Expenses [tab]. Because the CLEARING bank account is an account, not an Item, must be selected on the Expenses tab. (An Item could be set up for the CLEARING account however, and used on the Items tab.)

3 Account is the CLEARING bank account described above. (See [Setting Up a Clearing Bank Account](#) for account setup details.)

ACCOUNT	AMOUNT	MEMO	CUSTOMER
CLEARING	205.00	Hauling, resale stockers	

Step 2: Adding the hauling charge to the Item's purchase cost

After entering the check shown above, the CLEARING account has a balance of \$205. The next step then, is to use an inventory adjustment to move that amount out of the CLEARING account and into the Re-sale:Stocker Cattle Item, adding it to the Item's inventory value (purchase cost). Here are the steps:

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That's how most sales are entered in cash basis farm businesses—as cash sales—even though some of those sales really should be entered as Invoices.

You'll find a discussion of considerations for when to use invoices (or not) [later in this chapter](#).

Entering Cash Sales (Sales Receipts)

Cash Sales of Resale Items (Sales Receipt)

Problem We sold 70 stocker calves at auction this week—29 were calves we raised, and 41 were calves we had [bought earlier](#). The check from the auction company was for \$78,482.98. How should I enter it in QuickBooks?

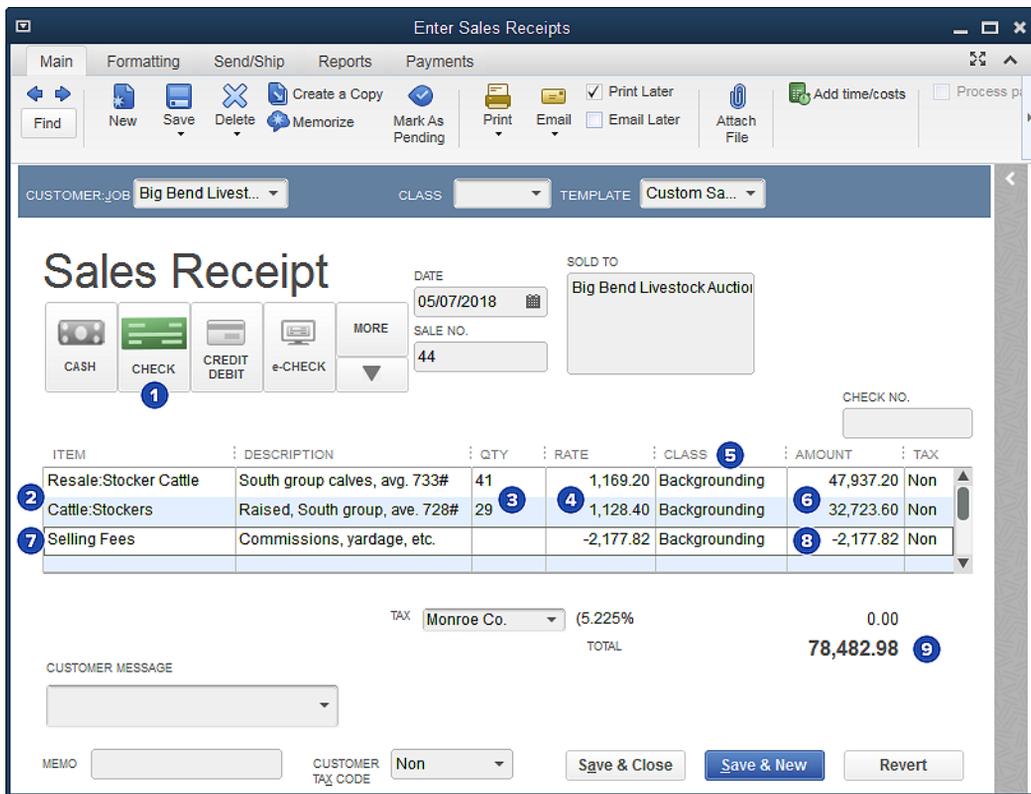
★ **Stocker calves** (or "stocker cattle", or simply "stockers") are weaned beef calves, usually under a year of age, to be grazed on pasture or fed a high-forage diet to grow at a moderate rate until they are big enough to go to a feedlot for feeding to market weight for harvest as beef.

Solution This is a cash sale, so enter it on the Sales Receipts form. Use different Items for the raised calves and the resale calves.

Discussion This example was designed to show how to enter a sale when both raised and resale items are sold as part of the same transaction. Different Items must be used for the raised calves and the resale calves even though a single payment was received for the sale. That allows QuickBooks to correctly do the accounting for Cost of Items Held for Resale expense for the resale calves.

How to enter a cash sale involving raised and resale items

1. Open the Sales Receipts form ([Customers > Enter Sales Receipts](#)).
2. Fill in the form as shown below, using different Items for raised calves and resale calves, as mentioned above.



1 [Form of payment]. Selecting the form of payment—a check in this case—is optional but can be useful information.

2 Item.

- ❖ **Resale:Stocker Cattle** is an Inventory Part Item which represents purchases, inventories, and sales of resale stocker calves.
- ❖ **Cattle:Stockers** is an Inventory Part Item which represents inventories and sales of *raised* stocker cattle (born on the farm). If you don't care to track inventories of raised production, it could be set up as a Non-inventory Part Item instead.
- ❖ **Selling Fees:** see 7 below.

★ **Handling raised production with Inventory Part Items** is discussed in [The QuickBooks Farm Accounting Cookbook™, Volume II: Raised Farm Production Inventories, Sales, and More...](#)

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Adjusting for Farm Business Use of Resale Items

Problem Last fall we took on a forage seed dealership as a side-line of the farm business, partly to be able to buy seed at a discount. We ordered a number of different grass and legume varieties to have in inventory for sale this spring, and created Inventory Part Items for each of them in QuickBooks. Last week we used 500 pounds of red clover seed from inventory, and we need to figure out how to enter that in QuickBooks. I know the cost of the seed should be charged to Seed Expense, but how do I get that done?

Solution Enter a *Quantity* type inventory adjustment for red clover's Item to reduce its inventory by 500 pounds, with Seed Expense selected as the Adjustment Account.

Discussion When a resale Item is used (consumed) by the farm business instead of being sold, an [inventory adjustment](#) is necessary to reduce the Item's inventory by the quantity that was used. But also, the cost of the Item(s) needs to be recorded as a farm expense, and that is accomplished by selecting the appropriate expense account as the Adjustment Account for the inventory adjustment.

Here is an inventory adjustment ([Vendors > Inventory Activities > Adjust Quantity/Value on Hand](#)) which (1) reduces the inventory quantity of the Resale:Seed:Red Clover Item by 500 pounds, and (2) posts the seed's purchase cost to Seed Expense.

 **Important to know:** This example charges the *purchase cost* of the seed—*not its retail price*—to Seed Expense. Only the *cost* of the seed is deductible as an expense; the amount you "could have made" by selling it at some higher retail price is irrelevant.

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Moving the Heifers from Resale Livestock Inventory to Fixed Assets

As resale livestock, the heifers have already been purchased, so there is no *financial* transaction involved in moving them to a fixed asset Item. You just need to make an [inventory adjustment](#) ([Vendors > Inventory Activities > Adjust Quantity/Value on Hand](#)) to (1) decrease the inventory quantity and value for the Item which represents them as resale heifers, and (2) increase the inventory quantity and value for the Item which will represent them as fixed assets—as part of the cow herd.

The steps for getting this done are *exactly* the same as described in [Moving Resale Items Among Different Stages of Production](#), so they won't be duplicated here. *Please refer back to that topic for details.* Here is a screenshot of a completed inventory adjustment entry to move the 20 resale heifers to a fixed asset Item:

Adjust Quantity/Value on Hand

Previous Next Attach

Adjustment Type: Quantity and Total Value ①

Adjustment Date: 02/03/2018

Adjustment Account: Adjustments & Offsets ②

Reference No.: 2

Customer Job: [Dropdown]

Class: [Dropdown]

Find & Select Items...

ITEM	DESCRIPTION	QTY ON HAND	NEW QUANTITY	QTY DIFFERENCE	NEW VALUE	U/M
Resale:Stocker Cattle	Resale stocker cattle	110	90	-20	78,120.38	
Fx:BLstk:2017 Spring Hfrs_***	Heifers bought from Jay Nels...	0	20	20	17,360.08	

Memo: Move 20 resale heifers to the cow herd (fixed assets)

Total Value of Adjustment: 0.00

Number of Item Adjustments: 2

ITEM INFO AFTER ADJUSTMENT

Quantity on Hand

Avg Cost per Item

Value

Save & Close Save & New Clear

- ① **Adjustment Type.** Choose *Quantity and Total Value*, because you need to adjust both the quantity and the inventory value of the two Items involved in the adjustment.
- ② **Adjustment Account.** The net amount of the adjustment will be \$0, so the Adjustment Account is not very important. However, to pre-

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Inventory Valuation Detail

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header

Dates This Fiscal Year From 01/01/2018 To 12/31/2018 Sort By Default

Show Filters

John Doe Farms
Inventory Valuation Detail

Type	Date	Name	Memo	Qty	On Hand	Avg Cost	Asset Value
Resale (Resale items)							
Feeder Cattle (Resale feeder cattle)							
Check	05/08/2018	Big Bend Livestock...	Resale feeder cattle	99	99	1,145.76	113,430.24
Inventory Adjust	05/16/2018		Feeder Cattle Inventory Adjustm...	75	174	1,026.58	178,624.24
Inventory Adjust	08/05/2018		Feeder Cattle Inventory Adjustm...	-2	172	1,026.58	176,571.09
Total Feeder Cattle (Resale feeder cattle)					172		176,571.09
Stocker Cattle (Resale stocker cattle)							
Check	01/03/2018	Big Bend Livestock...	Resale stocker cattle	48	48	854.00	40,992.00
Inventory Adjust	01/08/2018		Stocker Cattle Inventory Adjust...	0	48	858.27	41,197.00
Sales Receipt	01/18/2018	House	Death loss - respiratory disease	-2	46	858.27	39,480.46
Check	01/26/2018	Big Bend Livestock...	Resale stocker cattle	64	110	868.00	95,480.46
Inventory Adjust	02/03/2018		Stocker Cattle Inventory Adjust...	-20	90	868.00	78,120.38
Check	04/01/2018	Big Bend Livestock...	Resale stocker cattle	184	274	869.34	238,200.38
Sales Receipt	05/07/2018	Big Bend Livestock...	South group calves, avg. 733#	-41	233	869.34	202,557.26
Sales Receipt	05/08/2018	House	Close out item's remaining inven...	-3	230	869.34	199,949.23
Sales Receipt	05/15/2018	Big Bend Livestock...	Resale stocker cattle	-50	180	869.34	156,482.01
Inventory Adjust	05/16/2018		Stocker Cattle Inventory Adjust...	-75	105	869.41	91,288.01
Total Stocker Cattle (Resale stocker cattle)					105		91,288.01

And here is a QuickReport for a Corn Item, including its subitems Bin 1 and Bin 2, which represent storage locations. (The Corn - Other section lists transactions in which just the Corn Item was used, with no subitem.)

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Purchases Reports

Purchases by Item report

The Purchases by Item report is useful for locating purchase transactions for a particular Item. Summary and Detail versions are available, with the Detail version listing individual transactions.

★ **If you put together a group of resale livestock** over a period of time (several weeks, maybe), this report can help you find all of the purchase transactions involved.

- ❖ **To open the Detail version of the report**, select [Reports > Purchases > Purchases by Item Detail](#).

John Doe Farms
Purchases by Item Detail

Cash Basis
All Transactions

Type	Date	Num	Source Name	Qty	Cost Price	Paid Amount
Resale (Resale items)						
Feeder Cattle (Resale feeder cattle)						
Check	05/08/2018	2422	Big Bend Livestock Auction	99	1,145.76	113,430.24
Total Feeder Cattle (Resale feeder cattle)				99		113,430.24
Stoker Cattle (Resale stoker cattle)						
Check	01/03/2018	2415	Big Bend Livestock Auction	48	854.00	40,992.00
Check	01/26/2018	2420	Big Bend Livestock Auction	64	875.00	56,000.00
Check	04/01/2018	2423	Big Bend Livestock Auction	184	870.00	160,080.00
Total Stoker Cattle (Resale stoker cattle)				296		257,072.00
Apples						
GoLD (Golden Delicious apples)						
Bill	09/28/2018		Clareville Orchard	20	16.00	320.00

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