

SAE Record Book
Inventory Statement- Current Assets
Page 7-8

The inventory statement is where things begin to get complicated for the students. Keep it simple and start with a definition of current assets.

Note: To ensure the students stay engaged and learn about keeping financial records have them write the definition of a current asset at the top of the page. Then have them fill in an example for each of the categories, make up simple numbers like the example at the top of the page so the math is easy and they get a picture of how each section is to be completed. Give them examples of the types of items that fit into each category so they can tell whether or not that area applies to them. Students with entrepreneur applications will need to see you after class or at another time to add their records. You won't have time in class to help them each fill them out without losing the rest of the class.

A Current Asset is something of value you plan to use up within the year. Examples include: fertilizer, seed, feed, bedding, chemicals, supplies, etc.

At the top of page 7 is an example using fertilizer.

The description indicates it is fertilizer in the far left column.

The unit of measure would be how the item is usually bought and/or sold. In the case of fertilizer it is by the pound. Animals would be per pound or per animal.

Quantity tells how many units the student has left on December 31 of the calendar year. In this example the student had 100 pounds of fertilizer that they did not use up in 2011 and they were going to carry over into 2012.

Price per unit is the price per pound the student paid for the item. In the example the fertilizer cost is \$1 per pound.

Current Fair Market Value is the price per unit times the quantity. In the example it is \$1/lb times 100 lbs = \$100.

Note: Not all SAE projects will require an entry in every category it will depend on the students program. For example: if they are not invested in plants or crops they will not need to make entries in these categories. The first category of current assets under the example is Students investments in growing plants/crops. This would be the place to put current assets such involved in growing plants or crops such as winter wheat, or alfalfa crops that are planted and won't be harvested until the next summer or it may include trees and shrubs left over in a nursery or landscape business.

The second category is the student's investment in harvested plants/crops. This would include things such as grains harvested and not sold by Dec. 31 but carried over to the next year for sale.

The third category is value of consumable items (feed, seed, fertilizer, chemicals, supplies and other current assets.)

This would be the place to put the fertilizer in the example, or left over feed, bedding, medicine, pesticides, etc.

Current Assets continue on page 8

The fourth category is Value of Merchandise, Plants/Crops and Animal/Livestock Purchases for Resale. This is where a student would put any animals purchased such as show steers. Again these are the animals they have purchased in 2011 and still have on Dec. 31, but will be selling in 2012. The same would go for any nursery plants purchased in the fall of 2011 and kept for 2012 for sale, like trees and shrubs.

The fifth category is the Value of Raised Animals/Livestock for Sale. Examples would be bull calves born on the farm and sold, heifers born on the farm and sold, etc.

At the end review with the students and ask them to explain what a current asset is. Students could list examples of current asset items that would relate to their SAE program even if they don't have them just to get the idea of what a current asset is.