

CALCULATING NET FARM INCOME

There are two methods for calculating net farm income. Cash Accounting or Accrual Accounting. It is important to understand the differences and how to calculate both. Build the following equations by filling in the blanks with the *appropriate phrases*. DO NOT USE NUMBERS!
Fill out this sheet.

Use the following *terms* for calculating net farm income. Each column is an equation.

Calculating Net Farm Income Exam

Name *

First

Last

Address *

City

State

Date *

Gross cash farm income

Cash farm expense

Net cash farm income

Depreciation

Net farm income from operations

Gain/loss on sale of farm capital assets

Net farm income

Gain/loss on sale of farm capital assets

NET FARM INCOME

(Cash Accounting)

Gross cash farm revenue

Inventory adjustment

Gross farm revenues

Cash farm expenses

Depreciation

Non-cash expenses adjustments

Net farm income from operations

Net farm income

NET FARM INCOME

(Accrual Accounting)

1. *

8. *

2. - *

9. +/- *

3. = *

10. = *

4. - *

11. - *

5. = *

6. +/- *

12. +/- *

7. = *

13. = *

14. +/- *

15. = *