Part I Farm Income – Cash Method – IRS Schedule F Accounts*

1a. Sales of Livestock and other resale items
   b. Cost or other basis of other items or other items reported in line 1a.
   c. Subtract line 1b from line 1a

2. Sales of livestock, produce, grains, and other products you raised.

Sales Accounts for cattle categories – Needs to define purchased versus raised cattle. These are sales sub-accounts possibilities to choose from to set up in QuickBooksPro™ (QB).

Purchased for Resale
   Replacement Heifer
   Feeder Steers & Heifers
   Finished Steers & Heifers

Raised Cattle
   Replacement Heifers
   Weaned Steers or Heifers
   Feeder Steers & Heifers
   Finished Steers & Heifers

Purchased Breeding Stock
   Breeding Cows
   Cull Cows
   Repl. Heifer Open
   Repl. Heifers Bred
   Cull Herd Bulls

Raised Breeding Stock
   Cull Cows
   Breeding Heifers or Cows
   Repl. Heifers Open
   Cull Repl. Heifers

Futures or Options (+/-) Risk Mgmt.
Crops and raised feed (add name detail as needed)

Other IRS Accounts in Part I of IRS Schedule F.
3a Cooperative Distribution
4a Agriculture program payments
5a Commodity Credit Cooperation
b CCC Loan forfeited
6 Crop Insurance proceeds
7 Custom hire (machinery work) income
8 Other Income

Prepared by Jim McGrann, Professor Emeritus Texas A&M University, 11-8-2021.
Notes on sales:
  a. Always use net values for sales. That is after all marketing costs are deducted.
  b. Purchase breeding stock are added to or remove from the depreciation schedule.
  c. Purchase date (IRS date put in service) and sale date of is required for breeding stock.

IRS Expenses Accounts – account numbers are from the IRS Schedule F*

10  Car and Truck
11  Chemicals
12  Conservation Expense
13  Custom Hire (machine work)
14  Depreciation
15  Employee Benefits Programs
16  Feed
    Roughage
    Complete Feed or Concentrate
    Mineral & Salt
    Protein Supplement
17  Fertilizer & Lime
18  Freight & Trucking
19  Gasoline, Fuel, & Oil
20  Insurance
21  Interest Expense
    a. Mortgage
    b. Other
22  Labor Hired
    Salary
    Payroll Expenses
    Contract Labor
23  Pension & Profit-sharing Plans
24  Rents or Leases
    a. Vehicles, Machinery, & Equipment
    b. Other (land, animals, etc.)
25  Repairs & Maintenance
    Vehicles
    Machinery & Equipment
    Buildings & Improvements
26  Seed & Plants
27  Storage and Warehousing
28  Supplies
29  Taxes (non-IRS)
30  Utilities
31  Veterinary & Medicine
    Breeding
    Herd Health and Vet
    Processing
    Treatment
Other Expenses (Specify) a-f
   a. Professional Fees
   b. Cattle Purchased for Resale – by category
   c. Other
d. Other
e. Other
f. Other

*Second level is a sub-account to add detail useful for cost accounting.
Owner Operator Compensation (Withdrawals Personal and Owner Operator Management - is not a Schedule F sole proprietor IRS account)

Office (user defined details) for Supplies, Utilities, Administrative Wages & Payroll

**Indirect Expenses class that** will be allocated to production activities to get **total unit cost**.

**Suggested accounts and sub-accounts to record in the Indirect Expenses Class**

Car and Truck Expense – seldom used as operating costs are recorded
Gasoline, Fuel, & Oil
Employee Benefits Programs
Hired Labor & Management
   Salary
   Payroll Expenses
   Contract Labor (if can’t be allocated directly to production activity)
   Pension & Profit-sharing Plans
Rents or Leases
   Vehicles, Machinery, & Equipment
   Land - (Cash Lease)
Repairs & Maintenance (subcategory added)
   Vehicles
   Machinery & Equipment
   Buildings & Improvements
Taxes (non-IRS)
Withdrawals – Owner Operator management and labor – not an IRS deductible cost.
Conservation Expense
Insurance
Utilities
Professional Fees
Office Supplies
Administrative Wages & Payroll

Any of these accounts can also be used to allocate as direct costs. For example, repair and maintenance of haying machinery could be charged directly to the class for the hay production activity.