Harnessing the Power of Excel: Example Applications and Exercises Using Microsoft Excel

Financial Statements

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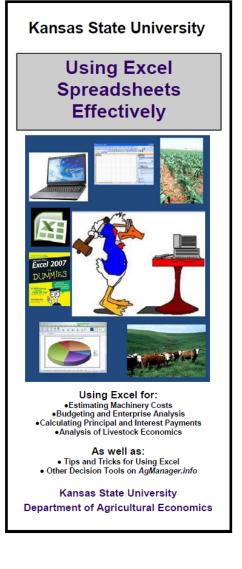
And

Kevin Dhuyvetter Former Extension Agricultural Economist, KSU Dairy Economist, ELANCO



For use at:

Kansas State University Excel Workshops 2016-2017



Exercise 1a - Creating a Balance Sheet for Your Farm

Create a balance sheet for your farm as shown on the next page. Some specific instructions include:

- 1) Format the spreadsheet to look like sheet on the next page, including borders, font size, boldface and color of fonts and backgrounds.
- 2) Blue cells represent numbers (not formulas). The number used for this exercise are clearly not realistic for your farm, but enter these numbers into your spreadsheet to check formulas.
- 3) Black number represent formulas (not numbers). Do NOT enter number in these cells, but rather create a formula. You will use "=AVERAGE()" and "=SUM()" formulas as well as the mathematics operators: +, -, *, and /.
- 4) After creating the balance sheet, create formulas for financial ratios to the side, formatted as shown (gray background, black font for labels and red font for ratios). The ratios are formulas to be calculated based on the numbers in the balance sheet.
- 5) After completing balance sheet and confirming that your formulas are all correct, enter your own numbers for your operation and evaluate the financial health of your farm.

HOME IN

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FORMULAS

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REVIEW

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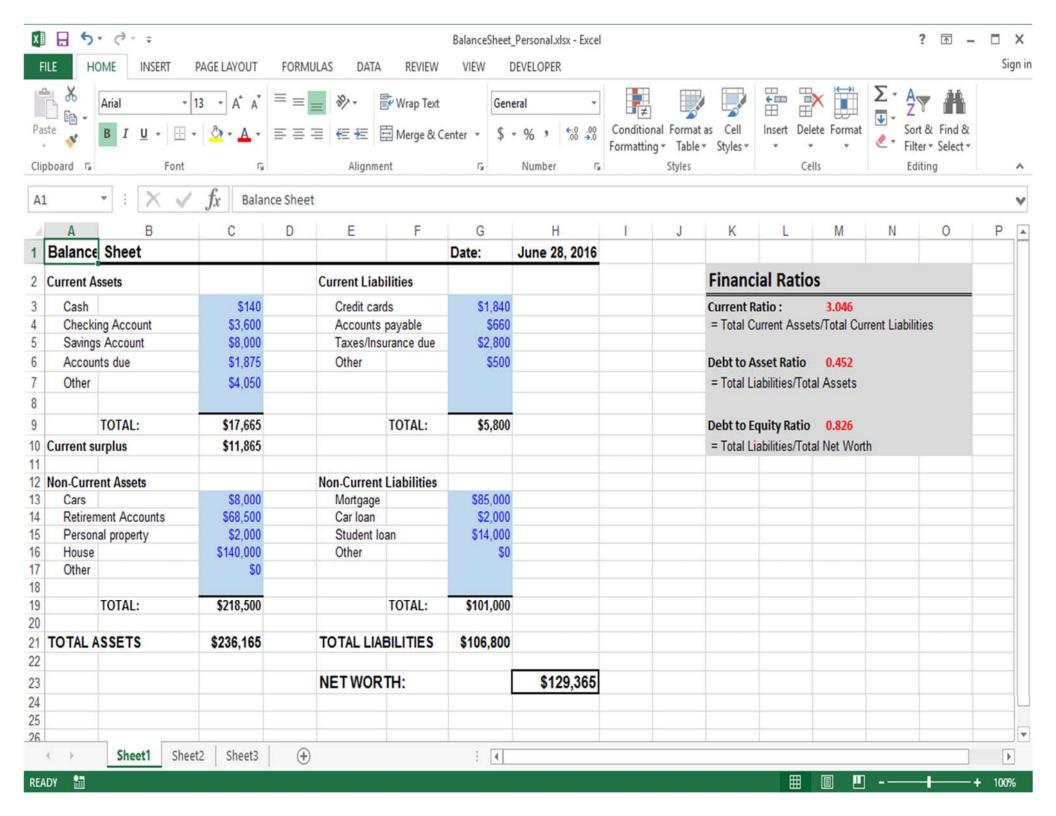
DEVELOPER

d	A	В	С	D	E	F	G	Н	1	J	K	L	M	
	BALANCE SHEET	Farm Bu	e Here	Year:	r: 2016									
	ASSETS:							Financ	ial Rati	os			_	
	Current Assets		December 31			Notes		Current Ratio: 1.656						
	1) Cash	\$500		\$750				= Total (Current Fa	rm Assets	Total cur	rent Farm	Liabilitie	25
	2) Marketable Securities	\$1,000	7.0 0.0 0.0 0.0 0.0	\$1,500										
	3) Accounts Receivable	\$2,000		\$3,000				Working		\$21,500				
	4) Fertilizer and Supplies	\$5,000		\$6,500				= Total (Current Fa	rm Assets	- Total cu	rrent Farn	n Liabiliti	es
	5) Investment in Growing Crops	\$10,000	40-110-01-01	\$11,000										
0	6) Crops Held for Sale and Feed	\$8,000	7 (10.00)	\$11,500					sset Ratio					
	7) Market Livestock	\$15,000	\$25,000	\$20,000				= Total I	arm Liab	ilities/Tota	al Farm As	ssets		
2	OL TOTAL CURRENT ACCETS	C44 F00	667.000	654 350		(Add the sed about 5)		D-1 5		0.017				
3	8) TOTAL CURRENT ASSETS	\$41,500	\$67,000	\$54,250		(Add lines 1 through 7)		Debt to Equity Ratio 0.817 = Total Farm Liabilities/Total Farm Equity						
4	N C				-			= lotal l	arm Liab	llities/ lot	al Farm E	quity		
	Non-Current Assets	624.000	C25 000	¢20.000				-						+
7	9) Breeding Livestock	\$24,000		\$30,000					-					+
	10) Machinery and Equipment	\$60,000								-			-	+
	11) Buildings	\$75,000		\$75,000				-		-	-	-		+
	12) Investments in Cooperatives	\$2,500		\$2,500										+
0	13) Land	\$400,000	\$420,000	\$410,000						-				+
1	AN TOTAL MONEURDENT ASSETS	6554 500	*********	4500 500		44.4417								+
2	14) TOTAL NONCURRENT ASSETS	\$561,500	\$603,500	\$582,500		(Add Lines 9 through 13)				-				-
3										-		-	-	+
4	15) TOTAL ASSETS	\$603,000	\$670,500	\$636,750		(Add Lines 8 and 14)			-	-		-	-	+
5		-							-			-		+
6	LIABILITIES AND OWNER EQUITY:													4
7	Current Liabilities		December 31			Notes								4
8	16) Accounts Payable	\$800		\$1,100						-				4
	17) Taxes Payable	\$2,000		\$2,000										4
	18) Accrued Expenses	\$3,600		\$3,900										4
	19) Current Portion: Deferred Taxes	\$0		\$0										4
	20) Notes Due Within One Year	\$9,000		\$9,000					-	-			-	+
	21) Current Portion of Term Debt	\$12,000		\$12,000										4
	22) Accrued Interest	\$4,500	\$5,000	\$4,750					-	-	-		-	-
5								-			-		-	+
	23)TOTAL CURRENT LIABILITIES	\$31,900	\$33,600	\$32,750		(Add Lines 16 through 22)			-	-			-	-
7					_			-		-				+
8	Non-Current Liabilities		***					-	-					-
9	24) Noncurrent Portion: Deferred Taxes	50		50				_	-	-				+
0	25) Noncurrent Portion: Notes Payable	\$22,000		\$23,500				_	_	-	-	-	-	-
1	26) Noncurrent Portion: Real Estate Debt	\$220,000	\$240,000	\$230,000	-			-1	-			-		+
2	27) TOTAL MONCHPRENT HABILITIES	6242.000	COSE DOD	C252 500		(Add Lines 24 through 25)								-
3	27) TOTAL NONCURRENT LIABILITIES	\$242,000	\$265,000	\$253,500		(Add Lines 24 through 26)		-						+
4	28) TOTAL LIABILITIES	6373 000	¢200 coa	¢205 250		(Add Lines 22 and 27)		-	-			-		+
	28) TOTAL LIABILITIES	\$273,900	\$298,600	\$286,250		(Add Lines 23 and 27)			-			-		-
5		****	****	400							-		-	+
	29) OWNER EQUITY	\$329,100	\$371,900	\$350,500		(Subtract Line 28 from Line 15)					-			+
3	201 70741 114 811 7755 1117 2117 21	0000 000	Acre ===	Aca: 25-										-
9	30) TOTAL LIABILITIES AND OWNER EQUITY	\$603,000	\$670,500	\$636,750		(Add Lines 28 and 29)								4
)														

Exercise 1b - Creating a Personal Balance Sheet

Create a personal balance sheet as shown on the next page. Some specific instructions include:

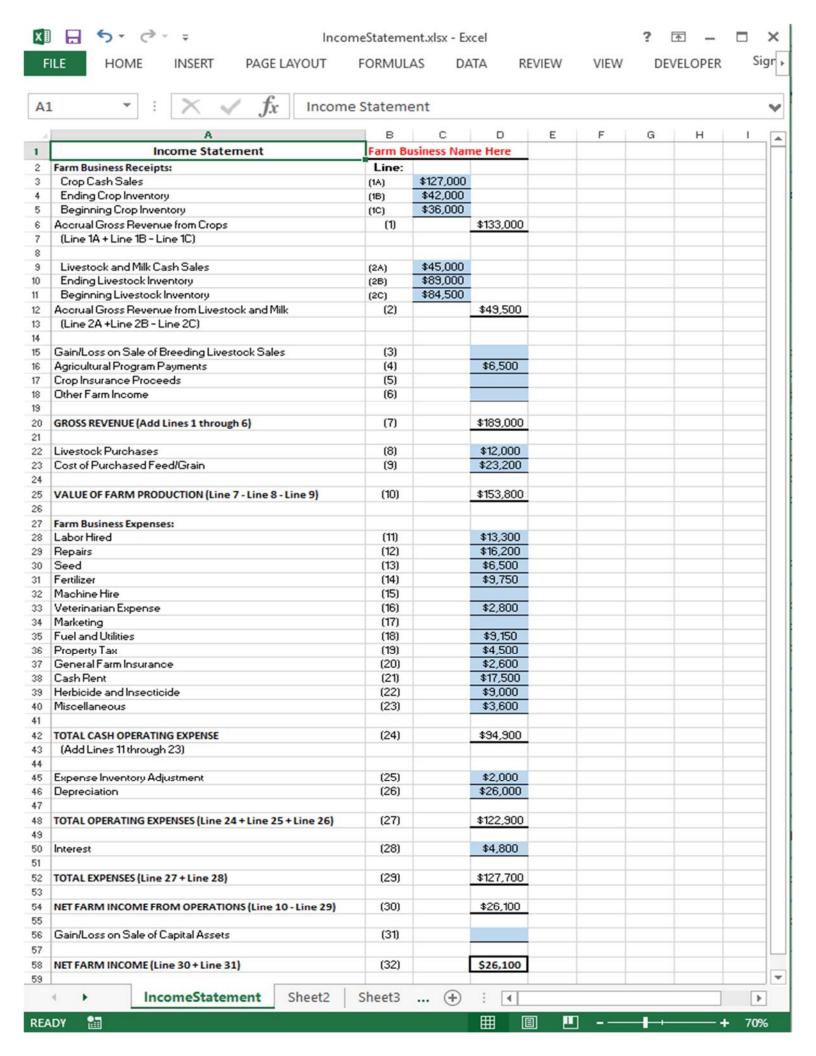
- 1) Format the spreadsheet to look like sheet on the next page, including borders, font size, boldface and color of fonts and backgrounds.
- 2) Blue cells represent numbers (not formulas). The number used for this exercise are clearly not realistic for your situation, but enter these numbers into your spreadsheet to check formulas.
- 3) Black number represent formulas (not numbers). Do NOT enter number in these cells, but rather create a formula. You will use "=AVERAGE()" and "=SUM()" formulas as well as the mathematics operators: +, -, *, and /. Use "=TODAY()" to enter the date (instead of manually entering it).
- 4) After creating the balance sheet, create formulas for financial ratios to the side, formatted as shown (gray background, black font for labels and red font for ratios). The ratios are formulas to be calculated based on the numbers in the balance sheet.
- 5) After completing balance sheet and confirming that your formulas are all correct, enter your own numbers for your situation and evaluate your financial health.



Exercise 2 – Creating an Income Statement for Your Farm

Create an income statement for your farm as shown on the next page. Specific instructions include:

- 1) Format the spreadsheet to look like sheet on the next page, including borders, font size, boldface and color of fonts and backgrounds.
- 2) Blue cells represent numbers (not formulas). The number used for this exercise are clearly not realistic for your farm, but enter these numbers into your spreadsheet to check formulas.
- 3) Black number represent formulas (not numbers). Do NOT enter number in these cells, but rather create a formula. You will use "=SUM()" formulas as well as the mathematics operators: +, -, *, and /.
- 4) After completing the income statement and confirming that your formulas are all correct, enter your own numbers for your operation and calculate the net farm income for your farm.



Exercise 3 – Creating a Cash Flow Sheet for Your Farm

Create a cash flow sheet for your farm as shown on the next page. Some specific instructions include:

- 1) Format the spreadsheet to look like sheet on the next page, including borders, font size, boldface and color of fonts and backgrounds.
- 2) Blue cells represent numbers (not formulas). The number used for this exercise are clearly not realistic for your farm, but enter these numbers into your spreadsheet to check formulas.
- 3) Black number represent formulas (not numbers). Do NOT enter number in these cells, but rather create a formula. You will use "=SUM()" formulas as well as the mathematics operators: +, -, *, and /. This includes the operation loan balance at the bottom.
- 4) After completing cash flow sheet and confirming that your formulas are all correct, enter your own numbers for your operation and evaluate the cash flow situation of your operation.

