

## How to Develop a Balance Sheet

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### Introduction



The state of any business can be measured at any point in time by completing a balance sheet. The balance sheet has all the business assets and liabilities listed by category.

### Balance Sheet Categories

The categories are normally listed as current, intermediate, and long term. Loan balances are listed as of balance that day, less principle due within the next 12 months being listed as a current portion of term loans.

#### 1) Current Assets

- Cash, checking, and savings account balances
- Prepaid items
- Account receivables
- Hedge account balances
- Bushels of Grain, times market price that day
- Market livestock, times market price that day
- Growing crops

#### 2) Intermediate Assets

- Breeding livestock, both cost and market value
- Machinery depreciated and market value
- Coop equity

#### 3) Long term assets

- Land cost and market value
- Buildings depreciated and market value
- Water rights
- Long term leases

#### 4) Current liabilities

- Open accounts
- Accounts payable
- Operating loans
- Feeder livestock loans
- Accrued interest
- Hedge account loans
- Current portion of term loans

#### 5) Intermediate liabilities

- Breeding livestock loans
- Machinery loans
- Livestock equipment loans
- Building & facility loans

#### 6) Long term liabilities

- Real Estate loans