
Introduction to Computer Records

With a computerized farm record keeping system, the recordkeeper can use software to store information, summarize data, generate and print reports and sort transactions into categories and sub-categories.

Storage of data is a very valuable component to a computerized system. The data entry process may take you as long as in a hand written system. The time saver is the summarization of monthly and year end data.

As in any system, good records and reports result from the data entered. The record keeping system can only summarize and report what you have entered.

There are many components to a farm record keeping system including transactions and the end results you generate for your management team. See Fig. 1-1.

Your receipts and expenditures should be entered in a timely manner complete with detail appropriate for the results you want to generate. For example, you should include detail on bushels of grain sold with your grain receipts if you want to know average price per bushel received at the end of the year. Some of the various types of information you can develop from a record keeping system are: Schedule F information (Cash Income Basis), data for tax reports, enterprise records, credit accounts, financial statements (net worth, income statements, cash flow), depreciation records and farm business analysis. See Fig. 1-2.

What Quicken Can Do For You

Quicken is an easy to use computerized record keeping software package that enables the user to keep detailed farm financial records. You can think of Quicken as your checkbook. It can also be used to track a total of ten different account types including asset, liability, and all bank accounts.

Quicken enables the user to keep basic cash receipts and expense records and provide financial data to you, your tax preparer and other members of your farm management team (See Figure 1-1). Other Quicken features include easy account reconciliation and income and expense budgeting. Quicken reports that may be generated include income statements, cash flow reports, enterprise summaries, personal and business income tax reports and others (See Figure 1-2). Quicken does not easily track inventories and does not allow you to keep depreciation records.

Fig. 1-1. The Farm Manager and the Management Team

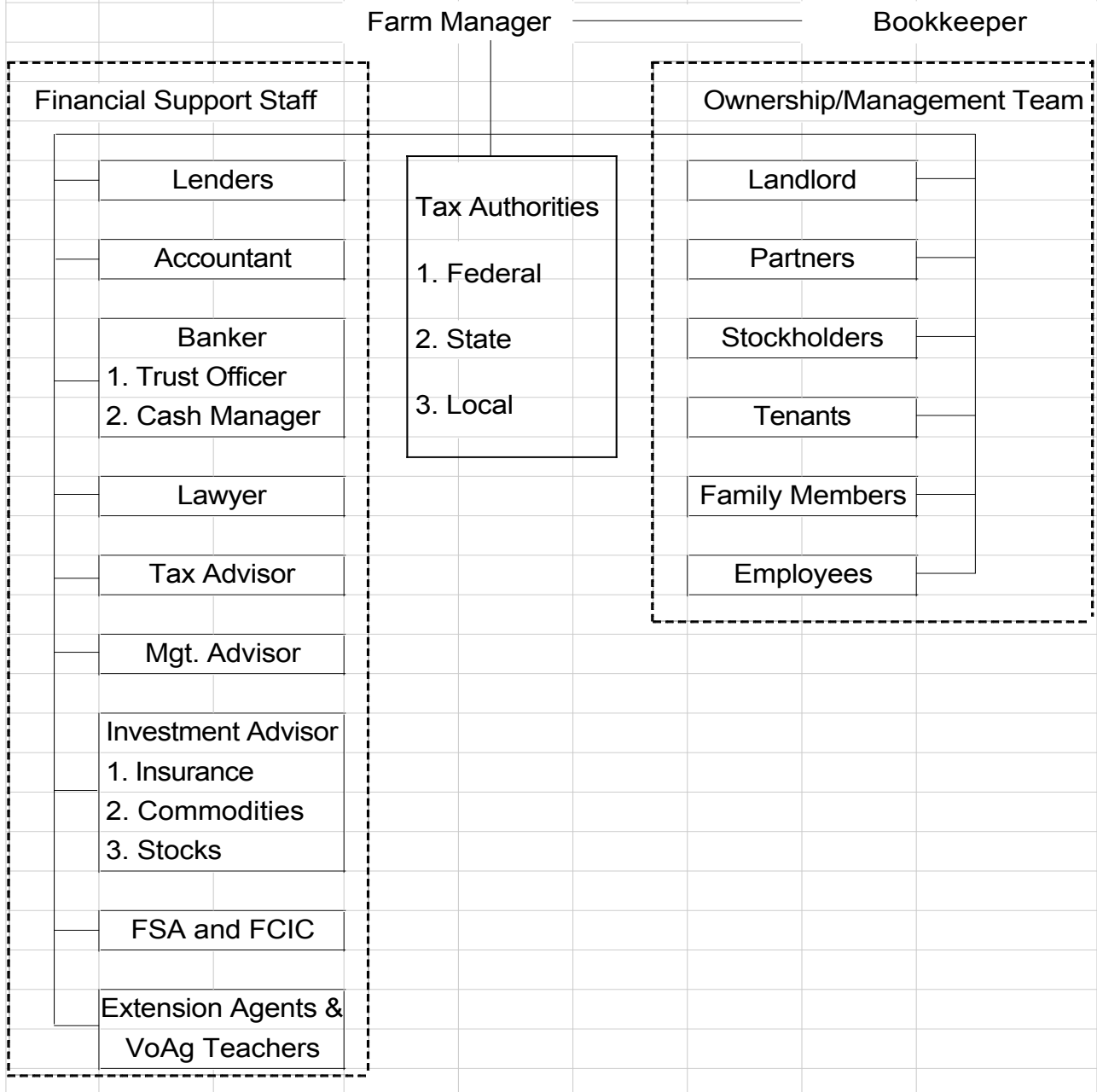
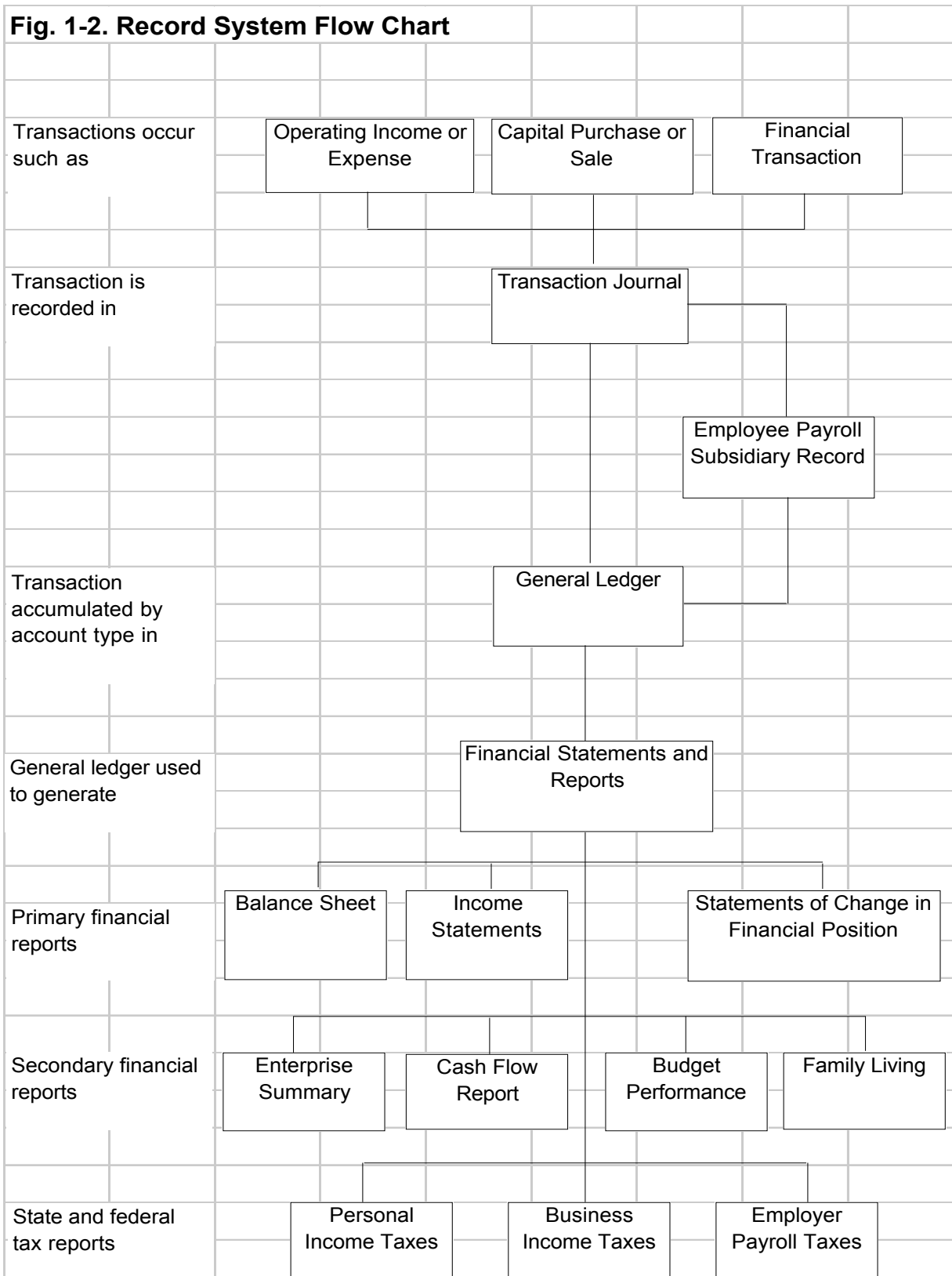


Fig. 1-2. Record System Flow Chart



Quicken Organization

Using Quicken begins with setting up a *File* (see Quicken Organization Flow Cart, Fig. 1-3). A Quicken File contains all of the records for a particular business whether it be a farm business or another home business. Typically, users work with only one file in organizing their finances. See Chapter 2.

Within a Quicken File the user sets up various *Accounts* corresponding to different bank accounts, loans, credit cards, asset accounts and other liability accounts. For each account there is a corresponding register where transactions are entered. See Chapter 3.

As transaction entries are made into an Account register they are assigned a *Category* which allows for easy categorization and summarization when generating reports. Examples of categories include feed, seed, fertilizer, fuel, grain sold, and milk sold.

Transactions can be broken down further for more detailed record keeping by assigning them *Subcategories*. For example, the category fuel may have several subcategories: gas, diesel, and oil. A transaction in Quicken for purchase of diesel fuel would be assigned the category *fuel* and subcategory *diesel*.

Lastly, transactions can be assigned *Classes* and *Subclasses*. Examples of Classes are: corn, soybeans, wheat, dairy, and swine. Often, classes are used to summarize transactions for reports by enterprise, by field, by farm or another grouping. Subclasses can be used to further detail a transaction. See Chapter 4, **Categories & Classes**.

An example of a transaction assigned a category, subcategory, class and subclass might be: Diesel fuel purchased for harvesting corn for farm 1. This transaction would be assigned the following: category=fuel, subcategory=diesel, class=corn, subclass=farm1.

Common Terms Used In Quicken

To help understand the rest of this manual, some common terms and their definitions follow.

- < **File** - data file named and used to store various account information of a single person, business or household. Your data file is like a file drawer that contains your financial data.
- < **Accounts** - function much like file folders for your various accounts (checking, savings, liability, etc.) Different accounts let you divide your financial records into separate areas.

- < **Register** - window where transactions are entered into an account. It looks like a checkbook register.
- < **Transactions** - entries into your register. (Transactions may also be referred to as Journal Entries).
- < **Categories** - used to summarize groupings such as Crops Sold. You must assign categories to transactions as you enter them in Quicken.
- < **Classes (Enterprises)** - let you specify where, what or to whom transactions apply, e.g., corn or dairy. Classes complement categories, giving an additional way to see how money is spent, as well as adding another dimension to reports.
- < **Payees (Vendors)** - person or institution to whom the payment is made (or from whom payment is received).
- < **Menu Bar** - menu located at the top of the Quicken screen. Enables you to operate all of the different features of Quicken.
- < **Toolbar** - a row of textual buttons and menus that appears near the top of a Quicken window. (i.e. Main Quicken Window, Register Window, Category & Transfer List Window, Account Window, etc.)
- < **Quicken Centers** – single place to look at specific areas of your finances including cash flow, investing and property in debt.
- < **Account Bar** – allows quick access to accounts, shows balances of accounts and shows net worth of all accounts tracked.

Fig. 1-3. Quicken Organization Flow Chart

