

VALUE OF RECORDS TO THE FARMER.

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THE subject of farm accounts is one about which there are many misconceptions. We have been too prone to lay stress upon the mere formality; to make it appear that farmers were expected to believe that if they only had certain special kinds of books and forms the accounting would be easy and fruitful in results. Practically all farmers keep records of one kind or another, and the average farmer is not easily impressed with the notion that there is any special virtue in merely setting down columns of figures, yet there remains a class of writers on this subject who seem to think that if all farmers could only be persuaded to practice double-entry bookkeeping, all the problems of agriculture would be solved as by magic.

No one knows better than the practical farmer that there is nothing of the cure-all in the keeping of accounts on the farm. The practice will not of itself turn a poor farm into a rich one, a poor farmer into a good one, or losses into profits. Farm records, if accurately kept and intelligently utilized, are an aid to a better understanding and insight into one's business affairs, and are worth while in exact proportion to the accuracy and completeness of their recording and the pertinence of the use that is made of them. These are facts well known to thousands of farmers who keep accurate accounts and make good use of them.

FUNDAMENTAL PRINCIPLES.

In beginning record keeping it is of vital importance to have a clear understanding as to just what facts about the farm business should be shown by the records day by day and at the end of the year. It is as useless to start record keeping without having thought over and decided on what you intend to have the records show, as to begin digging a foundation and hauling lumber for a building without first

deciding on the kind and size of structure to be erected. No farmer would be so foolish as to start his teams to a field to work without first making up his mind what crop he intended to grow thereon. It would be just as foolish to begin record keeping without a definite idea of what facts about the farm business the accounts are designed to bring out.

When this is thought over and decided upon the next step is to secure this information with the least amount of work and in the simplest way. The kind of books and forms used does not matter in the least, providing the records are complete and accurately kept—but a method is desirable that will promote facility in summarizing the records at the end of the year. The continued keeping of the accounts will often develop the most convenient form.

USEFULNESS OF ACCOUNTS.

Usefulness is the test of value. The use that is made of farm accounts is the measure of their value to the farmer, and the simpler the accounts kept by the beginner, the greater the chance for them to prove of use.

Among the oldest examples of farm records may be mentioned the practice of shepherds in ancient times, who counted their flocks by dropping pebbles in a bag. A primitive method, but an example in many instances well worth the time it took, for by its means definite facts were gained and losses avoided.

In sections of the country where corn is husked from the shock in the field, it is a common practice when hauling it in to keep tally of the number of bushels or barrels by marks on the side of the wagon box. This is another instance of a primitive record from which full benefit is realized, since the tally is used in divisions between landlord and tenant and is also the record by which the huskers are paid. (See Pl. XVII, fig. 1.)

SIMPLE ACCOUNTS.

Farm records may be roughly divided into two heads:

1. Records of happenings.
2. Records of money transactions.

Simple accounts of everyday happenings are often of great use. Every farmer makes a note when a calf is born

or a sow farrows. Many do so mentally only, but it is none the less a note. If such notes are written down in a way that makes reference to them easy, they become of much use in supplying needed information when memory fails. Notes recording other everyday happenings often prove useful. Among these may be mentioned the dates when animals are bred, men hired or discharged, accidents occur, pasture season begins and ends, first and last frosts occur, incubators are set, spring work begins and fall work ends, seed time and harvest occur, etc. Such notes as these when systematically recorded and constantly referred to are of much value. They enable one to take proper precautions as to feed and care of animals prior to the birth of young, thereby often saving both mother and offspring. Disputes with hired men as to wages are avoided by recording when they are hired, a wage agreement, and all amounts subsequently paid them. Accident records are of value when seeking redress for damages, pasture data when figuring on feed supply, and frost and other weather data in planning the year's work.

RECORDS OF MONEY TRANSACTIONS.

A record of the cash received and paid out is made by many farmers, but all the benefits to be derived from such records are seldom realized. The most important use made of them in many cases is as a means of checking up bills when sent in, to see whether all payments have been duly credited. The realization of even this small part of their full value sometimes makes such records well worth while. There is no reason why every farmer should not have such a check on his business dealings, and losses can often be avoided by proving credits that have been overlooked by the storekeeper.

The cash account may be kept in any convenient form, but perhaps the simplest and most interesting way for a beginner is to use a diary. If this be done, part of the page may be used to record the daily happenings and the cash record made on another part of it, thus giving a complete record of the day,¹ and in addition to the foregoing daily notes of personal affairs, ideas, and events may be jotted down, thus giving

¹ The use of a diary for farm accounts is fully illustrated and described in *Farmers' Bulletin* No. 782.

such records a personal touch, making them of more than mere business significance, and giving them color that will

Thursday Nov 1st

Weather, Heavy frost, clear, cool.

Holstien heifer, had a fine calf last night a heifer, most all white.

I went to town today, took in hog.

saw Judge Nelson and paid deposit on the Sanborn property.

The sorrel mare stepped through hole in bridge coming back. She's pretty lame.

Hired Fred Volley to work by the year for \$7.50 per month and use of house near Webster's corner.

Joe is hauling corn in today about as fast as three men can husk it.

Got in 210 bushels today.

Wheat is looking good. Late planting didn't hurt it any.

Wiram Smith got word today his boy had got to France ok.

Money Spent =	Deposit on Sanborn Property	\$100.00
	Paid Fred Volley on ^{9c}	5.00
	Sack flour ²⁰ tobacco ⁵	2.15
	Total	107.15

Sold hog 179 lbs @ 18 1/2 cents \$33.11

FIG. 3.—Sample page of the diary type of farm record book. Many items of farm, personal, and neighborhood interest, as well as the farm and family cash account, recorded in such a way as to give desired data and make the record not only of value in a practical accounting way, but also as a reference book of farm and neighborhood happenings.

make them of interest in the years to come. (See fig. 3.) Any information wanted at the end of the year may be assembled from a diary account book in a few hours.

TABLE I.—An example of farm cash records summarized for a year's business on an eastern North Carolina diversified farm.

Source of income or expense.	Amount.	Per cent of total.
RECEIPTS.		
Dairy herd:		
Milk sold.....	\$2,185.24	
Cows sold (5).....	198.20	
Calves sold (4).....	80.00	
Breeding fees.....	10.00	
Beef and hide.....	27.16	
Total from dairy herd.....	\$2,500.60	53
Hogs and pigs sold.....	242.16	5
Chickens sold.....	6.00	0
Income from live stock.....	2,748.76	58
Cotton.....	586.00	13
Tobacco.....	1,039.25	22
Truck crops.....	49.80	1
Income from crops.....	1,675.05	36
Old machines and implements sold.....	22.65	
Rentals received for implements.....	31.25	
Received for work done for others.....	68.74	
Wood sold.....	157.15	
Miscellaneous income.....	279.79	6
Total farm cash income.....	4,703.60	100
Money borrowed.....	1,000.00	
Total money received.....	5,703.60	
EXPENDITURES.		
Dairy herd:		
Cows bought (8).....	885.00	
Calf bought.....	25.00	
Dairy feeds.....	1,320.86	
Miscellaneous.....	23.65	
Total for dairy herd.....	2,254.51	44
Hogs bought (2).....	43.35	1
Cockerels bought (2).....	2.00	0
Total expenditures on live stock.....	2,299.86	45
Fertilizer.....	349.57	
Seed.....	88.09	
Twine, canvas, etc.....	29.68	
Thrashing, grading, picking.....	48.92	
Total expenditures on crops.....	516.26	10

TABLE I.—An example of farm cash records summarized for a year's business on an eastern North Carolina diversified farm—Continued.

Source of income or expense.	Amount.	Per cent of total.
EXPENDITURES—continued.		
Paid hired hands.....	\$654.43	
Veterinary and shoeing mules	27.10	
Man and mule labor expenditures.....	\$681.53	13
New buildings and improvements.....	326.54	
Repairs of buildings, fences, etc.....	176.96	
New machinery bought.....	423.51	
Maintenance of implements.....	58.47	
Equipment expenditures.....	985.48	19½
Interest on borrowed money.....	427.27	
Taxes.....	66.81	
Cutting wood.....	58.43	
Telephone, stationery, etc.....	64.75	
Miscellaneous expenditures.....	617.26	12½
Total farm expenditures.....	5,100.39	100
Household and personal expense.....	532.50	
Total money paid out.....	5,632.89	

When the year's record is made the cash accounts can be assembled under headings (see Table I) that will show exactly what branch of the farm activities produced the dollars and what each required in the way of cash expenditure to keep it going.¹ Some farmers are apt to judge of the importance of the various farm projects by the time it takes to put them through. To such, a complete cash record for a year, properly assembled, will be an eye-opener. Often seemingly unimportant things on the farm, such as the flock of poultry, produce nearly as much net cash as the obviously important. The year's cash summary helps the farmer to get a better perspective of these things.

In using such records as an aid to future plans, hasty conclusions should not be drawn, nor should snap judgments be taken. The fact that the hogs or the corn crop brought in the most net money last year is no reason for assuming that all the activities of the farm henceforth should be

¹ A complete method of assembling the year's data is fully described in Farmers' Bulletin No. 661, entitled, "A Method of Analyzing the Farm Business."

devoted to the sole purpose of hog or corn raising. It may be that the keeping of cows was partly responsible for making the hogs so productive of net cash, or that the growing of wheat, clover, or other crops in rotation with corn made the latter crop much more profitable than it would have been if grown alone. Similar conditions will be met with on all farms, and therefore no sudden changes should be made on the basis of what a few accounts may show.

On the other hand, a single year's figures will occasionally indicate that something is radically wrong; will show where the net expenses of one farm enterprise is a great drain on the net cash returns made by the others. All phases of such an enterprise should be carefully studied and unless the losses can be assigned to some reason, such as a bad season, temporarily adverse market conditions, epidemics, or similar unusual conditions, it may often be dropped with profit.

Comparison of the annual figures year by year is another source of profit from the use of accounts, since by such comparison a true perspective and insight into the make-up of the business is gained.

USES OF AN ANNUAL INVENTORY.

The term "inventory" is used to designate a list of property, and such a list, made annually, is a most important and useful record. In any system of accounting the inventory is absolutely essential, as upon it is based the division of one year's business from another.

A farm inventory is simply a statement showing what the land, buildings, equipment, live stock, supplies, and produce on hand are worth at the time the inventory is made, together with amount of cash on hand and money owing to and owed by the farmer. It is a list of farm property and farm debts. (See Table II.) It corresponds to the "stock taking" which every merchant does periodically.

TABLE II.—A sample farm inventory, showing in a general way how the valuable record is prepared.

Items of property.	April 1, 1916.			April 1, 1917.		
	Number.	Rate.	Valuation.	Number.	Rate.	Valuation.
Real estate: Farm of 120 acres (105 tillable), including value of improvements.....			\$9,600.00			\$9,600.00
Live stock:						
Cows dry and in milk.....	17	\$60.00	1,020.00	14	\$95.00	1,330.00
Bull.....	1		80.00	1		65.00
Heifers.....	4	30.00	120.00	5	50.00	250.00
Calves.....	2	12.00	24.00			
Total for dairy herd.....			1,244.00			1,645.00
Hogs:						
Sows.....	1	35.00	35.00	3	45.00	135.00
Pigs.....	7	28.00	196.00	22	6.00	132.00
Horses.....	4	105.00	420.00	4	95.00	380.00
Colts.....	1	60.00	60.00	2		110.00
Total value of stock.....			1,955.00			2,402.00
Machinery and tools:						
Plows.....	2	8.00	16.00	2	7.00	14.00
Harrows.....	1		12.00	2	12.00	24.00
(List all items of farm machines, wagons, harness, and small tools).						
Total amount invested in machinery and tools (not all listed here).....			536.00			545.65
Feeds, produce, and supplies:						
Corn.....bushels..	225	.85	191.25	190	2.00	380.00
Corn stover.....tons..	6	5.00	30.00	10	6.00	60.00
Hay, mixed.....do....	12	12.00	144.00	9	15.00	135.00
Hairy vetch seed.....pounds..	20	.22	4.40			
Potatoes.....bushels..	106	.80	84.80	60	3.00	180.00
Corn silage.....tons..	10	5.00	50.00	15	6.00	90.00
Cement.....sacks.....				4	.80	3.20
Old lumber.....			12.50			5.00
Total value of feeds, produce, and supplies.....			516.95			853.20
Cash on hand and in bank.....			225.50			25.75
Value of bills due the farm.....			17.65			92.70
Total value of farm property.....			12,851.10			13,519.30
Amount of bills, notes, and mortgage the farm owes to others.....			3,250.00			3,575.25
Net worth (increase \$342.95 for year).....			9,601.10			9,944.05



FIG. 1.—AN EXAMPLE OF THE PRIMITIVE FARM RECORD.
Measuring corn and keeping tally on the wagon box.



FIG. 2.—A FARMER WHO HAS KEPT COMPLETE COST ACCOUNTS FOR YEARS.

Such work takes much time and requires close attention to details.

The uses of the inventory are important and varied. As previously stated, it is the basis upon which is built the superstructure of accounting systems. Taken alone it will show a farmer exactly what he is worth and will be a guarantee of solvency and an aid in securing credits and loans from the bank in time of need. The inventories for two dates a year apart show whether progress or retrogression has occurred during the year, and definitely measure the degree of the change.

Taken in conjunction with a cash account for the year, the inventory shows how much has been made by farming and to what extent the personal and household expenses have offset profits. (See Table III.) It also gives a much better insight into the income produced by each farm department, as a decrease in inventory value of hogs, for instance, may offset to some extent what, from the cash account, looks like a very large income from that source, or vice versa.

TABLE III.—*Showing how the inventory totals and cash account may be utilized to show the profit made by the farm.*

Item.	Values.	
	Apr. 1, 1916.	Apr. 1, 1917.
Farm inventories:		
Real estate.....	\$9,600.00	\$9,600.00
Live stock.....	1,955.00	2,402.00
Machinery and tools.....	536.00	545.65
Feeds, produce, and supplies.....	516.95	853.20
Cash on hand and in bank.....	225.50	25.75
Bills due the farm.....	17.65	92.70
Total value of the farm property.....	12,851.10	13,519.30
Amount due by the farm to others.....	3,250.00	3,575.25
Net worth each year.....	9,601.10	9,944.05
Increase in net worth.....		342.95
From the cash account the amount of money paid out for other than farm expenses is found:		
Household expenses.....	338.38	
Personal expense.....	115.25	
Interest on the mortgage, \$3,000 @ 5%.....	150.00	
Purchase price of U. S. bond.....	50.00	
Total.....		653.63
Supplies and rent furnished by the farm:		
Rental value of the farm home.....	120.00	
Value of supplies (fuel, milk, eggs, etc.).....	150.50	
Total.....		270.50
Total farm gain.....		1,267.08

COST RECORDS.

The foregoing discussion has embraced simple record keeping. The accounts described deal almost exclusively with facts about the farm as a whole, as a unit, and serve to compare this year's business with that of last year or the year before. In order to keep accounts with the separate enterprises, however, to show the factors of cost and the returns of each, and what each one gains or loses, cost accounts are necessary.¹

Cost records, while of great use if correctly assembled and intelligently interpreted, can only be obtained by the outlay of considerable time and attention to detail. (See Pl. XVII, fig. 2.) A man who works hard at manual labor all day can very rarely find the time and seldom has the inclination to set down daily all the minutiae necessary to complete cost accounts. In cost records there are added to the inventory and cash account, labor records, feed records, supply records, crop yield and animal production records, which, when the amount of time necessary to summarize and distribute the indirect costs is considered, require much more attention than can ordinarily be given. Only where the conditions seem to assure that the accounts will be pushed through the year to a successful conclusion should cost accounting be begun. Detailed accounts begun and abandoned are worse than time and labor thrown away. They are apt to give the idea that there is no use in keeping any records whatever.

However, cost data systematically recorded, summarized, and studied year by year are of the utmost value to any farmer whose circumstances permit him to obtain them. The labor records will show just how much labor and team work is required by each crop on the farm and the time of the season in which it is required. They show what proportion of the labor is devoted to work that produces income and the very considerable amount that is consumed by "odd jobs" on every farm. The proportion that labor cost is of the total in the production of all farm crops and stock is brought out, and the number of days of man and horse labor necessary to produce an acre of any crop or to care for any animal for a year.

¹ Farmers' Bulletins No. 511, "Farm Bookkeeping," and No. 572, "A System of Farm Accounting," discuss the function of cost accounts, giving data useful to anyone interested.

A year's labor records show also just how much man power and horsepower is necessary to run the entire farm every week in the year and point out accurately just when the rush seasons occur and how much help is necessary to tide them over handily. With such records before him a farmer knows approximately how much labor and how many horses he will need to carry out his plan of operation for the coming year. He knows how much more or how much less labor he will need for every acre of increase or decrease in area of any crop and just when such labor will be required or may be spared. Increasing or decreasing the magnitude of the different farm enterprises and fitting them together until a complete year's work with an even load of labor for the entire season, with the rush points minimized, gives him personal control of unsettled labor conditions and puts him in an advantageous position to push through successfully the coming year's work.

Feed accounts, accurately recorded and summarized, will give valuable data on the amounts of grain and roughage required to put an animal on the market or to maintain the permanent herd. They give the quantities necessary to maintain the work stock, and thus enable the farmer to reserve sufficient for his needs and to sell his surplus feeds with safety. They enable the farmer to plan intelligently an increase or decrease in any of his herds and inform him just what these changes will entail in increased or decreased quantities of feeds required. They supplement the other records in that they indicate how to preserve the balance between crops and stock on the farm and thus become the basis upon which is determined the proportionate charge to stock and credit to crops for farm-produced feeds consumed.

Records of crop yields, animal products obtained, and of supplies used by the different farm enterprises are the additional factors necessary to make cost data complete. These are useful in that they show just what yields of crop and by-product are obtained year by year, what and how much the animals produce, and by what farm departments miscellaneous supplies are used, thus permitting the making of adequate charges and credits.

USE OF COMPLETE COST ACCOUNTS.

When the cost records have been successfully carried through the year, all costs distributed, and the summarizing done, the cost of every crop and of each class of stock will be known, together with the income each has produced, and the resulting profit or loss for each, with the cost per acre, bushel, ton, or animal. (See Table IV.) These will prove of great interest and usefulness in numerous ways. The figures show the margin of profit and approximately what must be realized on each commodity produced in order to realize a profit or avoid a loss. Such figures for a series of years will be increasingly valuable.

TABLE IV.—*Showing how cost accounts on an eastern North Carolina farm were utilized to show whether each farm department made a profit or a loss and how much.*

Farm enterprise.	Income.	Cost.	Profit.	• Loss.
Tobacco.....	\$1,039.25	\$388.83	\$650.42	.....
Corn for grain.....	145.25	355.01	.....	\$209.76
Corn silage.....	337.50	362.44	.....	24.94
Oats.....	65.00	90.54	.....	25.54
Hay:				
Clover.....	90.00	43.03	46.97	.....
Cowpea.....	120.00	88.33	31.67	.....
Rye.....	30.00	47.40	.....	17.40
Truck crops.....	170.02	122.12	47.90	.....
Dairy herd.....	2,185.24	2,604.17	.....	418.93
Hogs.....	227.50	145.30	82.20	.....
Poultry.....	193.05	76.54	116.51	.....
Sand pit.....	74.50	33.26	41.24	.....
Wood lot.....	358.00	265.82	92.18	.....
Outside labor.....	68.74	65.38	3.36	.....
Total.....	5,104.05	4,688.17	1,112.45 696.57	696.57
Net farm profit.....	.....	.....	415.88	.....

Where losses are sustained, the study of the facts for past years when profits were made may show why the losses occurred, and influence the farmer to take heart for the future and strive to overcome, if possible, the conditions that caused the losses. (See Table V.)

TABLE V.—Detail of the cost of growing potatoes on a western New York farm for a series of five years. A good illustration of the application of cost accounts in analyzing the cost of growing a crop.

	1910	1911	1912	1913	1914	Five-year average.
Acre ^s grown.....	20.5	17.2	20.7	19.3	16.7	18.88
Per acre costs:						
Labor in growing—						
Man.....	\$7.61	\$7.36	\$7.82	\$8.10	\$5.78	\$7.33
Horse.....	10.67	8.50	9.65	8.41	6.76	8.80
Labor in harvesting—						
Man.....	5.46	5.29	4.36	4.22	4.93	4.85
Horse.....	4.65	4.92	3.74	3.20	3.17	3.94
Total labor cost—						
In growing.....	18.28	15.86	17.47	16.51	12.54	16.13
In harvesting.....	10.11	10.21	8.10	7.42	8.10	8.79
Total.....	28.39	26.07	25.57	23.93	20.64	24.92
Materials used—						
Manure.....	2.76	9.13	9.00	1.23	8.59	6.14
Seed.....	3.20	7.18	17.78	8.18	10.57	9.38
Fertilizer.....	8.13	13.10	9.14	10.32	10.04	10.15
Lime for spraying.....	.48	.41	.44	.54	.15	.40
Arsenate of lead.....	1.70	1.40	1.17	1.34	1.26	1.38
Sulphate of copper.....	1.48	2.97	2.53	3.45	2.43	2.57
Total cost of materials.....	17.75	34.19	40.06	25.06	33.04	30.02
Indirect costs—						
Implement cost.....	4.39	7.10	8.37	6.50	8.13	6.90
Interest and taxes.....	2.96	3.75	3.57	5.43	5.40	4.22
Overhead expense.....	3.30	5.23	6.59	4.87	5.70	5.14
Total indirect cost.....	10.65	16.08	18.53	16.80	19.23	16.26
Total, all costs.....	56.79	76.34	84.16	65.79	72.91	71.20
Per bushel costs—						
Labor to grow.....	0.09	0.08	0.08	0.10	0.06	0.08
Labor to harvest.....	0.05	0.05	0.04	0.04	0.04	0.04
Total labor cost.....	0.14	0.13	0.12	0.14	0.10	0.12
Materials.....	0.09	0.16	0.19	0.15	0.15	0.15
Indirect cost.....	0.05	0.08	0.09	0.10	0.09	0.08
Total cost per bushel.....	\$0.28	\$0.37	\$0.40	\$0.39	\$0.34	\$0.35
Yield per acre..... bushels..	201	208	208	168	217	200.6
Selling price per bushel.....	\$0.40	\$0.55	\$0.49	\$0.60	\$0.28	\$0.464
Seed per acre..... bushels..	12.8	14.5	15.5	16.1	14.1	14.6
Seed cost per bushel.....	\$0.25	\$0.49	\$1.15	\$0.51	\$0.75	\$0.63
Fertilizer per acre..... pounds..	643	872	700	767	713	739
Cost per ton.....	\$25.32	\$30.02	\$26.10	\$26.93	\$28.20	\$27.31

TABLE V.—Detail of the cost of growing potatoes on a western New York farm for a series of five years. A good illustration of the application of cost accounts in analyzing the cost of growing a crop—Continued.

	1910	1911	1912	1913	1914	Five-year average.
Acres grown.....	20.5	17.2	20.7	19.3	16.7	18.88
Rates per hour:	<i>Per acre.</i>	<i>Per acre.</i>	<i>Per acre.</i>	<i>Per acre.</i>	<i>Per acre.</i>	<i>Per acre.</i>
Man labor.....	\$0.153	\$0.141	\$0.156	\$0.171	\$0.169	\$0.158
Horse labor.....	0.177	0.143	0.148	0.120	0.130	0.144
Man hours per acre:						
To grow.....	49.74	52.22	50.08	47.37	34.22	46.73
To harvest.....	35.68	37.55	27.95	24.72	29.16	31.01
Total.....	85.42	89.77	78.03	72.09	63.38	77.74
Horse hours per acre:						
To grow.....	60.28	59.46	65.15	70.08	52.02	61.40
To harvest.....	26.29	34.40	25.27	26.63	24.37	27.36
Total.....	86.57	93.86	90.42	96.71	76.39	88.76

To obtain the greatest benefit from cost accounts, full data as to costs in quantities of labor, materials (as feed, seed, supplies, etc.), and the use of the farm equipment, should be recorded and carried along all through the process of summarizing. Hours of labor, pounds of grain, tons of fertilizer, etc., are equally as useful as the money figures, if not more so. Such data aid the farmer in getting a truer insight as to the facts and give him a firmer grip on his business affairs than can be obtained by money costs alone. Prices fluctuate, but the physical factors in the cost of production remain more or less constant; they constitute the best known source of information useful in the analysis of a farm business.

In making use of the results of a year's cost accounts for the purpose of perfecting the organization of the farm for the greatest profit, caution is doubly to be recommended. As previously stated, hasty conclusions should not be drawn. Sometimes a positive decrease in a year's profits may ensue if an enterprise be dropped because, taken alone, it has failed to pay. Cows, for instance, may not be showing a net profit, but if all the cows are sold, there may be no other profitable way of using up roughage which would thereby be wasted, resulting in a loss on the

crop producing it. Labor devoted night and morning to milking and feeding cows, and charged to them, would be entirely wasted if the cows were sold and nothing else supplied to utilize it. Thus an added labor burden would have to be borne by the other enterprises. It is much better that these things be utilized than that they should be a dead loss, even though the cow account alone just breaks even, or worse. Any changes indicated, if made, should be brought about gradually and the effects noted in their relation to all other farm activities.

There is nothing like a set of records as a means of analyzing a farm business. To use such records, however, the fundamental principles must be understood and complied with; their limitations as well as their usefulness must be grasped. When this is done the accounts will become a strong staff and support.

HOUSEHOLD ACCOUNTS.

How many people know just what it costs them to live? Such information is extremely valuable, especially if the make-up of the cost is known, both as to money cost and the other factors. To the farmer such data should prove valuable indeed, especially in determining what part of his living comes from the farm.¹

If the accounts have been completely kept, the household expenses are easily assembled from the cash record, inventory and record of supplies used. Nothing in the realm of figures is more likely to astonish the average farm family than a summary of the household costs. The farm furnishes the family a house to live in, milk, butter, cream, eggs, pork, fowls, fuel, vegetables, and fruit, and often a great many other things. Yet the farmer often does not think of all these unless they are set before him. If he breaks even on the year he is likely to think there is no profit in the business when, in fact, he may have been living much better than the average city business man of like education, attainments, and capital.

All these things may have to be seen to be believed, but a well kept set of records, by adequate handling, can be made to show them.

¹ Farmer's Bulletin No. 635, "What the Farm Contributes Directly to the Farmer's Living," should prove of much value and interest to all farmers who keep household accounts.

