

**Graduate Extension Scholars Program**

Understanding Business Structures, Markets, and Risk Management Strategies Handout 2.3 \_\_\_\_\_ **Publication ALCE-177-E**

## Lesson 2 Simulation Balance Sheet

Name(s): \_\_\_\_\_ Business Structure: \_\_\_\_\_ Commodity: \_\_\_\_\_

**Beginning Questions:**

Why did you choose this business structure?

Why did you choose this commodity?

What characteristics of your business structure may be beneficial in growing and getting your commodity to market?

Beginning Assets	Scenario	Action	(Expense) / Revenue	Balance	Ending Assets
50 acres corn	Example: Beginning Balance	----	----	100,000	50 acres corn
50 acres corn	Example: Whether to take out crop insurance	Take out crop insurance because rainfall has been falling in recent years	\$20/acre Farm has 200 acres Expense=\$20*200=(4,000)	100,000-4,000 =96,000	50 acres corn
Beginning Assets	Decision	Action	(Expense) / Revenue	Balance	Ending Assets
	Round 1: Beginning Balance	----	----		

## **Lesson 2 Simulation Balance Sheet (cont.)**

### **End of Round 1 Questions:**

What is your ending balance?

How much will you keep in the farm budget and how much will you pay yourselves, the owners and managers?

What were the challenges of the simulation?

How did the structure of your business make it easier or harder?

What business structure would you do if you could do the simulation again?

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Produced by Virginia Cooperative Extension, Virginia Tech, 2019

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VT/0319/ALCE-177

## Lesson 2 Simulation Balance Sheet (cont.)

Based on Round 1 and your answers to the previous questions, you may now switch your structure or commodity if you desire. If you are going from a larger structure to a smaller one, you may take your portion of the ending balance plus whatever your salary was to the new structure

Name(s): \_\_\_\_\_ Business Structure: \_\_\_\_\_ Commodity: \_\_\_\_\_

Beginning Assets	Decision	Action	(Expense) / Revenue	Balance	Ending Assets
	Round 2: Beginning Balance	----	----		

Beginning Assets	Decision	Action	(Expense) / Revenue	Balance	Ending Assets
	Round 3: Beginning Balance	----	----		

Beginning Assets	Decision	Action	(Expense) / Revenue	Balance	Ending Assets
	Round 4: Beginning Balance	----	----		

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