

## Record Keeping CDE Vocabulary List

1. Equity- the value of an asset minus the amount owed to a lender.
2. Capital or Non-current asset- an asset that will be kept for a longer period of time and used to make money. Examples include breeding livestock, machinery, equipment, land, and buildings.
3. Current Asset- an asset that will be sold or used up in one year or less. Examples include feed, hay, supplies, market animals, etc.
4. Income- money that you earn through your business or farm from the sale of goods or services.
5. Expense- money that you pay to others for items need to run your business or farm such as feed, fuel, hired labor.
6. Liability- money you owe to others.
7. Asset- something that you own.
8. Profit- income minus expenses.
9. Salvage value- the value of a capital asset at the end of it's useful life.
10. Depreciation- the amount of value that a capital asset loses over time due to use and wear and tear.
11. Principle- the amount of money borrowed on a loan.
12. Interest- the amount of money you pay to a lender for borrowing the money.

Students should be able to:

1. Calculate simple interest. *You borrow \$1000 at 5% interest.*
2. Calculate very simple payments. *You borrow \$1000 at 5% interest. You will make one payment per year for five years. At the end of the first year how much interest would you pay?*
3. Calculate straight line depreciation. *You buy a lawnmower for \$1000. You estimate that it has a 10 year life and a salvage value of \$100. How much will it depreciate annually? ( $\$1000-100=\$900$  in total depreciation.  $\$90/10$  years = \$90 per year.)*
4. Identify an animal as market or breeding based on it's name (*bull is breeding, steer is market, etc.*)