Year-end Procedures
Transfer Cost Centers

After Support Centers are allocated, it is time to transfer the Cost Centers. Think about this step before starting; are there Cost Centers that “feed” other Cost Centers? For example, you may have an Irrigation Cost Center that feeds the Hay Cost Center that feeds the Cow-calf Cost Center that feeds the Raised Stocker Profit Center. If you transferred the Cow-calf costs before the Irrigation and Hay costs, you would have to start over in order to capture all costs.

Just as we did with the Support Center Allocations, we use journal entries dated 12/31/XX to make the transfer as calculated by the Excel worksheets. Likewise, when the transfers are complete the result is a zero net income per Cost Center, but the total transferred is represented in the Total column by transfer account on the Profit & Loss by Class report.

Cost Center Transfer Tips:

Run P&L by Class, type amount to be transferred to appropriate Excel spreadsheet.

Examples of transfer criteria:

- **Irrigation** by number of acres irrigated per crop
- **Grazing** by head day per class
- **Cow-calf** by number of head transferred to each class
  (Preconditioning, Replacement Heifers, Raised Stockers, etc.)
- **Wheat Planting** by acre (harvested or grazed out)

Date of journal entry is 12/31/XX.

Debit **Other Expense: Transfer Crop Cost: Irrigation** (or whatever class it is) for Net Income (Profit & Loss by Class) of the class to be transferred. Be sure to classify the transaction with the class you are transferring from!

Credit **Other Expense: Transfer Crop Cost: Irrigation** (or whatever class it is) for Net Income (Profit & Loss by Class) of the class to be transferred. Be sure to classify the transaction with the class you are transferring to!

Refresh the P&L by Class; check the net income for the transferred class. It should be zero.